Daily Report

Latin America

FBIS-LAT-92-006
Thursday
9 January 1992

Daily Report
Latin America

FBIS-LAT-92-006 9 January 1992

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

'Terrorists' Captured, Weapons Seized *[Havana Radio]* 1
Havana Notes President Bush Faints in Japan *[Havana Radio]* 1
French Groups Donate Paper, Medical Supplies *[Havana Radio]* 1
Commentary on Solidarity, Friendship Groups *[Havana Radio]* 1
Revolution Triumph Anniversary Marked in Moscow *[Havana Radio]* 3
Missile Crisis Meeting Activities Described *[Havana TV]* 3
* Trade Official on Foreign Investment Plans 3
* Joint Venture Figures *[Copenhagen BERLINGSKE TIDENDE 19 Nov]* 3
* Trade With Denmark Detailed *[Copenhagen BERLINGSKE TIDENDE 19 Nov]* 4
* Cuban-American Committee Meets in Havana *[GRANMA 25 Dec]* 4
Opposition Group Denies Links With CIA *[Mexico City NOTIMEX]* 5
Fidel Castro's Political Adviser Interviewed *[Rio de Janeiro O GLOBO 5 Jan]* 5
Workers Allowed To Transfer Closer to Home *[Havana TV]* 6
National Nuclear Science Training Highlighted *[Havana Radio]* 7
Tools Manufactured To Help Productivity *[Havana Radio]* 7

Haiti

Aristide Accepts Theodore as Prime Minister *[AFP]* 7
Demonstrators Protest Aristide's Return, Embargo *[Port-au-Prince Radio]* 7
Protesters Attack Newsmen *[Port-au-Prince Radio]* 8
New People's Organization Mobilized in Les Cayes *[Port-au-Prince Radio]* 8

Netherlands Antilles

Curacao Hosts Talks on Status Within Kingdom *[Bonaire Radio]* 8

CENTRAL AMERICA

Belize

Opposition Split Over Guatemala Negotiations *[CANA]* 9

El Salvador

Arena Declares National Peace Day 16 Jan *[LA PRENSA GRAFICA 7 Jan]* 9
Arena Praises President *[EL DIARIO DE HOY 7 Jan]* 9

Guatemala

Judge Rules Against Extradition of Former Mayor *[SIGLO VEINTIUNO 7 Jan]* 10

Nicaragua

Government To Issue Rulings in Property Cases *[Managua TV]* 10
* Reaction to Property Issue Vote Reported 11
* Editorial Praises Executive *[BARRICADA 14 Dec]* 11
* Cesar Denies New Majority *[BARRICADA 15 Dec]* 11
* Lacayo Optimistic *[BARRICADA 15 Dec]* 12
Chamorro Removes Two Government Officials *[Managua TV]* 13

Panama

'Anti-U.S. Groups' Plan 9 Jan Protest *[Hamburg DPA]* 13
President, Foreign Minister on Recent Shootout *[EL SIGLO 8 Jan]* 13

SOUTH AMERICA

Argentina

Menem Comments on Falklands Arbitration Proposal *[TELAM]* 15
Minister Sees Falklands Arbitration as One Option *[NOTICIAS ARGENTINAS]* 15
Armed Forces Staff Explains International Tender *[NOTICIAS ARGENTINAS]* 16
Executive Decree Detainees Compensated *[BUENOS AIRES HERALD 4 Jan]* 16

Brazil

Reaction to Collor's Social-Liberalism Article *[FOLHA DE SAO PAULO 6 Jan]* 17
Presidential Spokesman Rejects Criticism of Collor *[FOLHA DE SAO PAULO 7 Jan]* 17
Collor Signs Documents To Continue Deregulation *[Brasilia Radio]* 17
Minister Praises Continuation of Deregulation *[Brasilia Radio]* 18
Privatization of State Company Announced *[Brasilia Radio]* 18
* Volume of Trade With CIS Declines *[GAZETA MERCANTIL 10 Dec]* 18
* Financial Woes of Arms Industry Continue *[O ESTADO DE SAO PAULO 8 Dec]* 19
* Current Activities of General Piva Viewed *[GAZETA MERCANTIL 10 Dec]* 19
* Goldemberg's Influence in Government Growing *[O ESTADO DE SAO PAULO 9 Dec]* 21

Chile

Antidrug Agreement With Peru Operational *[Santiago Radio]* 22
Defense Council To Intervene in Letelier Case *[Santiago Radio]* 22
Court President Opposes Judicial Branch Reform *[Santiago Radio]* 22
Army Denies Famae Director's Dismissal *[Santiago Radio]* 23
Miners Disappointed After Meeting With Aylwin *[Santiago Radio]* 23
Chuquicamata Union Involved in Financial Scandal *[Santiago TV]* 23
* Institute Criticizes Aylwin's Economic Policy *[LA NACION 5 Dec]* 23
* Report Notes Social Emphasis of 1992 Budget *[LA NACION 11 Dec]* 24
* Official Explains Latest Employment Statistics 24
  * Unemployment Decreases *[LA NACION 4 Dec]* 24
  * Regional Trends Noted *[LA NACION 5 Dec]* 25
* Official on Antidrug Legislation, Trafficking *[EL MERCURIO 7 Dec]* 25
* Report Assesses Socialist Factions, Objectives *[HOY 25 Nov]* 26
* Report Notes Congress's 'Structural Defects' *[HOY 25 Nov]* 28
* Supreme Court Agrees to Retirement Incentives *[EL MERCURIO 1 Dec]* 29
* Agreement on Technical Assistance Signed *[LA NACION 12 Dec]* 29

Colombia

Security Forces Provide 1991 Crime Statistics 30
Drugs, Weapons Seizures *[EL NUEVO SIGLO 26 Dec]* 30
Violence Statistics *[EL NUEVO SIGLO 26 Dec]* 30
* Impact of Economic Policies on GDP Analyzed *[EL ESPECTADOR 8 Dec]* 30

Peru

Blacker Discusses Upcoming Trip to Ecuador *[Lima Radio]* 32
Presidential Aide on Alternative Development *[EXPRESO 2 Jan]* 37
Air Force Receives 10 Tucano T-27 Planes *[EL COMERCIO 31 Dec]* 38
Tax on Income-Generating Businesses Created *[EXPRESO 29 Dec]* 38

Fishing Agreement With USSR Canceled *[EL COMERCIO 30 Dec]* 39
Power Plant Accord Signed With Finland *[EL COMERCIO 31 Dec]* 39

Venezuela

President Denies 1992 Budget Not Balanced *[Caracas TV]* 40
* COPEI Official Discusses Caldera Candidacy *[EL UNIVERSAL 4 Dec]* 40
* Fernandez Criticizes Perez' Policies, Travels *[EL UNIVERSAL 4 Dec]* 41
* Edelca President Discusses Future Projects *[NUMERO Dec 91]* 43

Cuba

'Terrorists' Captured, Weapons Seized

FL0801124892 Havana Radio Rebelde Network in Spanish 1000 GMT 8 Jan 92

[Note issued by the Interior Ministry, place and date not given]

[Text] On the night of 29 December, three counterrevolutionary individuals were captured as they entered the country with terrorist intentions in the area of Ensenada del Jucaro, Cardenas Municipality, Matanzas Province. Based on initial results of the investigation, and according to statements made by the arrested individuals, they belong to a terrorist group that operates from U.S. territory. They were trained and sent to Cuba to carry out violent actions against the revolution. With this aim, according to their statements, they departed from Marathon Key in Florida aboard a yacht crewed by other individuals who returned to the United States after transferring them to a motorized raft several miles from the Cuban coast.

Several firearms of different types and calibers, as well as incendiary devices that were to be used to carry out their criminal intentions, were seized from them at the time of their arrest. The terrorists' names are Eduardo Diaz Betancourt, Daniel Santovenia Fernandez, and Pedro de la Caridad Alvarez Pedroso, all residents of Miami. After the necessary actions and steps had been taken by the state security bodies, the three infiltrators were turned over to the appropriate court, and their relatives in Cuba were notified.

This new attempt at aggression, coinciding with the time when our people were preparing to celebrate the 33d anniversary of the triumph of the revolution with sound determination to resist and win, employed the same methods used by the CIA and the terrorists who have taken refuge in the United States. On more than one occasion they have caused the blood of the best sons of our nation to be shed. This time, the people's forces, under the Unified Vigilance and Protection System, surprised the enemy once again and prevented it from carrying out its intentions.

Those who at this time try to halt the revolution's progress, create panic among the populace, or destroy their property, as in this case, will be crushed by our people's forces.

Signed by the Interior Ministry

Havana Notes President Bush Faints in Japan

FL0801153992 Havana Radio Rebelde Network in Spanish 1255 GMT 8 Jan 92

[Text] Today, U.S. President George Bush fainted during a dinner at the official residence of Japan's Prime Minister Kiichi Miyazawa. According to reports by the NHK television station, Bush was taken to a hospital. The report showed an ambulance waiting outside the official residence to take him to the hospital.

Another report from Japan states that President Bush begged Japanese Prime Minister Kiichi Miyazawa to make up for the trade differences with the United States. White House Spokesman Marlin Fitzwater said representatives from the United States and Japan had heated discussions on the importation of cars and parts from the United States. Fitzwater admitted that the conversations with the Japanese representatives had been harsh.

French Groups Donate Paper, Medical Supplies

FL0901022392 Havana Radio Reloj Network in Spanish 0032 GMT 8 Jan 92

[Text] A considerable shipment of paper and other printing material has just been donated to Cuba by the Paris Book Union and other French organizations. The contribution was made during a ceremony held yesterday in the port city of Le Havre, northeast of Paris, where the Cuban vessel Bahia de Cardenas is docked. The ship will soon bring the shipment to our country.

Among the donated material are 130 tons of newsprint paper, 29 tons of notebooks and other school supplies, as well as 5 tons of X-ray and printing film. The Bahia de Cardenas will also bring to Cuba an important contribution of more than 300 tons of medicine, treatment supplies, and paper donated last December by the French Communist Party, the sponsor of A Boat for Cuba campaign.

Commentary on Solidarity, Friendship Groups

PA0801164192 Havana Radio Havana Cuba in Spanish 0113 GMT 7 Jan 92

[Marianela Samper commentary; passages within quotation marks are recorded]

[Text] Solidarity with and friendship toward Cuba is increasing. It is formed and organized, and is seeking to take shape through specific facts confirmed in 1991. Is it sympathy for the small and brave nation? Nostalgia for Don Quixote? Philanthropy? There may be a little of all this. Let us take a look at some of the facts.

In 1991 many voices rose in the world favoring the Cuban people's struggle; defending their revolution; and condemning the hostile policy and the criminal economic, commercial, and financial embargo the U.S. Government imposed on the island. At the same time, those voices expressed disapproval of the illegal occupation of Guantanamo Naval Base. In a complex, changing world, Cuba outlined economic priorities to adjust its commercial relations with other countries. It is worth recalling that relations with the Soviet Union and East European countries remained stable and favorable for more than three decades—until two years ago, when these nations started their transition to a market economy.

Solidarity started spontaneously and the associations for friendship with Cuba multiplied in the world. These organizations and their activities spread the reality of what happened on the island, a reality that was distorted and manipulated by disinformation campaigns abroad. In addition, these associations served as recipients for donations, more than 100 of which were received from over 30 countries. Donations included medicine, medical accessories, office supplies, electronic components, and other items that are scarce in Cuba. For an illustration of this potential, let us listen to Dr. Irma de la Cruz, a doctor and professor at the Autonomous University of Mexico, who speaks on the "For Cuba" campaign.

[De la Cruz] "Because we are involved in the health area, we were told at the embassy to bring some antibiotics. We made a quick drive—because it was vacation time—to collect medicine. We intend to conduct this campaign permanently in Mexico so we can ship antibiotics and medical equipment. We have been given a list of the type of material that is needed. We intend to continue this activity next year."

[Samper] "I understand the campaign could have a third stage, and could also include items in addition to crude oil and medicine."

[De la Cruz] "We wish to concentrate instead on a focal point we regard as important. We know a shipload of crude oil is important, but it is not enough and it cannot solve the problem of what is happening in Cuba. We think there are two fundamental focal points, which we are highlighting in Mexico. One, stop the economic embargo against your country. There is not and has never been justification for this embargo. Two, we have asked the Mexican Government to give Cuba preferential treatment regarding the San Jose Pact. In other words, Cuba should be permitted to buy crude oil in exchange for Cuban exports."

There are currently 160 Latin American friendship with Cuba organizations in 29 countries. This does not include several groups that—for the same reasons, but with different forms of organization—develop their own solidarity actions. One of these groups was recently created in Mendoza, Argentina. Sylvia Martin tells us about the group:

[Martin] "The goal is to carry out all types of exchanges and to report on everything that is currently happening in Cuba—the Cuban culture, art movement, and every other movement. Above all, we strive to strengthen ties between Argentina and Cuba—meaning more exchange, more information, more knowledge, because there is a lot of censorship in our country about what happens in Cuba. We want to make that public in every possible way in order to open doors and allow the participation of all the people who support that. This is it, in a nutshell. We must later prepare specific plans, but this is what we want."

Qualitative changes are evident concerning solidarity in West Europe and support for the island and its needs. The tendency to increase and consolidate this was confirmed during meetings between the associations of friendship with Cuba in Italy, Germany, Greece, the Nordic countries, and Spain—where special emphasis was placed on the fact that the coordinators of solidarity come from all social groups. European countries already have 41 associations and 189 branches in 20 of these nations. It is appropriate to mention, given its magnitude, the A Shipload of Oil for Cuba campaign, which has rallied the solidarity and support of groups, personalities, and several organizations. We recently talked with (Yoram Valem), member of the Swedish-Cuban Friendship Association, who traveled to the island with a donation of $110,000. He referred to an interesting aspect of how solidarity among workers has grown.

[(Valem), in Spanish] "We have several ideas. Construction workers in Wurttemberg will collect funds and come to Cuba with construction material. They will participate in construction work with Cuban workers at the Julio Antonio Mella International Camp. The Nordic brigade comes to the camp every year, with other brigades. The construction brigade will also gather a lot of information about Cuba and learn a lot about Cuban life and its reality. They will spread the word in their various work centers when they return to Sweden." The solidarity movement continues to grow in Asia, Africa, the rest of Europe, and even in Australia. I would like to include another viewpoint, if I may. The personalities who visited the island last year include businessmen from several countries who were interested in learning about the potential for investments. Julio Garcia Olivera, president of the Cuban Chamber of Commerce, referred to the arrival of those businessmen.

[Garcia] "This year, 1991, has been an extraordinary, albeit paradoxical, year in this concern. Although 1990 was obviously marked by the expectations about Cuba—meaning what would happen with Cuba? Would the events that occurred in Poland, Czechoslovakia, and Bulgaria also occur here? Nevertheless, 1991 has been the other side of the coin. In other words, we have had a record number of visits this year. Practically all the EEC member countries sent large delegations. The Latin American countries... [pauses] we can mention the case of Mexico, where we held business meetings with dozens of businessmen, and the Caribbean, which is an area that has recently established economic and all sorts of ties with Cuba. We can even mention the fact that even U.S. delegations have arrived. In this case, U.S. businessmen are the ones suffering the consequences of the blockade, because they cannot trade with us and they complain about this. They protest this to the U.S. Government, because the only ones who cannot trade with us are precisely the U.S. companies—but even they are coming here. They tell us: We see that Spanish, British, and French businessmen come here; and now we are the ones who cannot come here. In other words, this is the situation that we currently face. I cannot deny that the situation is complicated and that it will continue like this for a couple of years. We see the future with optimism, however. We have withstood worse tests."

Revolution Triumph Anniversary Marked in Moscow

FL0901030392 Havana Radio Rebelde Network in Spanish 0000 GMT 9 Jan 92

[Text] Today, representatives of the Foreign Ministry of the Russian Federation and other officials attended a reception in Moscow to celebrate the 33d anniversary of the Cuban revolution. The reception, which was hosted by the Cuban Embassy, was attended by high-level Armed Forces officials, distinguished Latin Americans, and members of the diplomatic corps accredited in Moscow. Cuba was represented by Ambassador Jose Ramon Balaguer, members of the Foreign Ministry, and officials accredited in that city.

Missile Crisis Meeting Activities Described

FL0901025992 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 9 Jan 92

[Text] Today, the participants of the 1962 October Missile Crisis conference which will begin in Havana on 9 January, visited the monument that commemorates this event as the first activity of the meeting. The monument, which is located near the Morro-Cabanas complex, contains the fuselage of a Soviet intermediate-range nuclear missile.

The U.S. Administration of that time used as an excuse the deployment to Cuba of this kind of weaponry to ignite the crisis. The Soviet Union and Cuba adopted this decision when it became evident that Washington was preparing a direct attack against the island after the failed mercenary invasion of the Bay of Pigs, a year earlier.

General Sergio del Valle, representing Cuba; William Smith representing the United States; and Mikhail Titov representing the former Soviet Union; spoke at the site of the monument. This third tripartite conference has the same academic and private character as the conferences previously held in Moscow and Antigua. The conference will run through 12 January at the Palace of Conventions.

* Trade Official on Foreign Investment Plans

* Joint Venture Figures

92CA0059A Copenhagen BERLINGSKE TIDENDE in Danish 19 Nov 91 p 7

[Article by Marianne Bom: "Cuba Goes in for Advertising"]

[Text] It is a revolution. "Cuba wants to improve its relations with Denmark," says the president of the Cuban Chamber of Commerce. To do so he has included Denmark in his campaign to attract more foreign investments to Cuba.

Havana—Aside from the Communists' mammoth street posters with their slogans about socialism, advertising is not exactly the first word that comes into one's mind during a visit to Cuba.

But the president of the Chamber of Commerce has embraced that market economy concept in recognition of the fact that Cuba really does find itself in the middle of an advertising campaign.

"Cuba is hunting for foreign investors. The country needs money owing to its new relationship with the Soviet Union, once its predominant trading partner, and the countries of East Europe," said Julio Garcia Oliveras, the president of the Chamber of Commerce.

Until just recently, the Cubans could accept foreign capital in the tourism sector only, i.e., to construct hotels. In all other sectors, the Cubans did enough in partnership with their friends in the East.

"But now we want to go out and advertise on behalf of the rest of the economy," said the Chamber of Commerce's Oliveras, who did not delay in sending an invitation to the Danish business community.

"We've had a poor relationship with Denmark. This will change. We would like to have a cooperative agreement with the Danish Chamber of Commerce because we love small countries and are afraid of big ones. For 30 years we based our economy on the socialist countries, where we could get everything we needed. But now it's a matter of establishing links with as many countries as possible," he said, adding that interest from abroad had surprised him:

This year 26 countries have inquired about specific projects. This year 50 joint ventures have been established in widely varying industries such as transportation, pharmaceuticals, oil exploration, and textiles, and 130 other Cuban-foreign companies are being negotiated.

However the extent to which these new companies can do the trick for the country's economy is difficult to assess. Because the Chamber of Commerce has not disclosed how much money is involved.

Retooling

At the same time they are on an advertising campaign for joint ventures, the Cubans are attempting to retool their businesses for cooperation. This year the individual firm has been given greater autonomy, so negotiations with foreign investors or trading partners can be conducted directly—without involvement by ministries.

"We recognize a quick yes or no is needed when someone comes to us. There is no time for bureaucracy," said Oliveras.

"We want to be flexible and assess each joint venture on its own merits," he said, while not excluding the possibility that Cubans today would not worry about the regulation which stipulates that a foreign partner can own at most 50 percent of a firm in Cuba.

Garcia Oliveras does not deny that Cuba has major economic problems. This is evident in daily life, where, generally speaking, all goods are rationed. And it is evident in the many businesses which lack raw materials

because they do not have the hard currency to pay for imports. Even the Soviet Union is now demanding payment in dollars.

"But our situation is not worse than that of other Latin American countries. Quite the opposite. We are still in a better position because in the past 30 years we have taken Cuba from being the world's sugar bowl to being an industrialized country with a social safety net for its citizens."

"Our biggest problem is that we can't get credit to buy raw materials," said Oliveras.

Since the early 1980's Cuba has not been able to take out new loans in the West because the country neither paid interest nor made [debt] repayments. Cuba's debt to western creditors is approximately 45 million kroner whereas its debt to the Soviet Union is just under 170 million kroner.

Uncertainty

Repayment of the debt to the Soviet Union is now under negotiation, and the same is true of the trading relationship between the two countries.

On 1 January 1992 a one-year trade agreement with the Soviet Union will expire, and a new agreement is not yet in place.

"The key word in our relationship with the Soviet Union is uncertainty. We don't know how much oil we can get and how much sugar we can sell," Oliveras said.

But he believes that in the future the Soviet republics will need Cuban goods as well. And, as regards oil, he is crossing his fingers, hoping that Cuba's explorations will produce results. Because this year the flow of oil from the Soviet Union has already shrunk from 13 to 10 million tonnes.

The relationship with the second superpower, the United States, is even worse. For three decades the United States has imposed a blockade on trade with Cuba. This has cost Cuba just under 100 million kroner in lost income, according to the official Cuban estimate. But Oliveras believes that one day the United States will lift the blockade.

"It could happen in two years or in the next century," he said, indicating that the day could also come when Cubans would begin to privatize nationalized businesses. "But in our generation we won't privatize those businesses we nationalized ourselves. That would be self-contradictory."

* Trade With Denmark Detailed

92CA0059B Copenhagen BERLINGSKE TIDENDE in Danish 19 Nov 91 p 7

[Unattributed article: "Danish Scepticism"]

[Text] It is assumed that Cuba will not achieve major success in its wooing of Danish business, in the opinion of Vagn Jensen, the deputy director of the Danish Chamber of Commerce.

"Danish businesses have 'their hands full' in Europe," he said.

In response to Cuban proposals to initiate cooperative agreements between the two chambers of commerce he said:

"We are open to all overtures. But if they want a written agreement with statements of intent which are really hot air, then we would say no. We would rather spend our time on specific trade projects. They can always use us if they want to undertake a campaign in Denmark."

Denmark's trade with Cuba today is nothing to shout about. In the first nine months of 1991, Danish businesses exported 127 million kroner worth of goods to Cuba while imports from Cuba were only worth 2.6 million kroner.

Danish exports consist mostly of foodstuffs and medicine. And imports consist of sugar, rum, and tobacco.

Perhaps here there is an opportunity to increase Danish exports of foodstuffs to Cuba, said Inger Arredondo, the Danish consul in Havana. Because while the Cubans are reluctant to use scarce hard currency for imports for Cubans, the money is a bit freer when it comes to imports for the rising number of foreign tourists.

These tourists are treated to meat and other foodstuffs which are in short supply in Cuba. In fact tourism is a profit-making business for the Cubans. And the profit is not in pesos but in dollars, the only valid currency for foreigners.

Denmark's Trade With Cuba—January through September 1991

Exports	
Meat, grain, sugar	95.836 million kroner
Chemicals	15.513 million kroner
Machinery	12.545 million kroner
Technical instruments, furniture	2.494 million kroner
Beverages	0.425 million kroner
Semi-finished products (rubber, metal)	0.213 million kroner
Total	127.026 million kroner
Imports	
Sugar, foodstuffs	1.752 million kroner
Beverages, tobacco	0.887 million kroner
Total	2.639 million kroner

* Cuban-American Committee Meets in Havana

92P40095A Havana GRANMA in Spanish 25 Dec 91 p 2

[Text] From 18 to 20 December leaders of the Cuban-American Committee held their regular meeting in Havana at the invitation of Cuban institutions.

Founded 15 years ago, the Cuban-American Committee is a progressive organization whose members are Cubans who have emigrated over the years. Its leaders are Ramon Antonio Bueno, Alicia Torres Vigil, Mariana Gaston Roche, Maria de los Angeles Torres, Dagmaris Cabezas, Silvia Arrom, Hilda Diaz, Flavio Ozeguera, and Kevin O. Harris.

The organization's goals include the lifting of the U.S. embargo and normalization of relations between the United States and Cuba.

Because of its position on these issues, the Cuban-American Committee is the target of attacks by counterrevolutionaries, who try to portray a false, homogeneous image of Cuban emigres.

During their stay in Cuba, the Committee leaders showed interest in substantive aspects of Cuban society. They therefore met with Carlos Aldana and Abel Prieto, members of the Politburo; Juan Escalona, president of the National Assembly of the People's Government; Jose Felipe Carneado, head of the Office of Religious Affairs; Ramon Sanchez Parodi, vice minister of the Ministry of Foreign Relations; and Oscar Alfonso, of the State Committee for Economic Cooperation.

The Committee leaders were briefed on the results of the Fourth Congress of the Cuban Communist Party, the country's economic situation, the current emigration policy, as well as Cuba's will to maintain this policy despite restrictions imposed by the U.S. Government.

In response to their questions they were given details as to the people's confrontation with counterrevolutionary activity and other aspects of the country's internal and external situation.

For their part, the Committee's leaders analyzed the current situation in the Cuban-American community and reported on their activities, repercussions from these activities, as well as immediate plans.

The meetings were characterized by a frank exchange and both parties agreed to hold further discussions.

Opposition Group Denies Links With CIA

PA0901024392 Mexico City NOTIMEX in Spanish 0156 GMT 9 Jan 92

[Text] Havana, 8 Jan (NOTIMEX)—The opposition group "Third Option" denied on 8 January that the organizations that oppose the island's government are serving the hegemonic interests of the United States and support the U.S. blockade against Cuba.

In an open letter to Carlos Aldana, member of the Politburo of the Central Committee of the Cuban Communist Party, the self-styled socialist movement, denied any links between the dissidents and the CIA. The document, signed by Rolando Prats, Cesar Mora, Omar Perez, and Bernardo Marquez, describes as "unfounded and slanderous" the accusations made by the Communist leadership.

They say the "Third Option" movement does not belong to the dissident organization called the Cuban Democratic Convergence, created in Havana, or to the Cuban Democratic Coalition, which operates abroad.

The four "Third Option" leaders said the statements by Carlos Aldana at the National Assembly of the People's Government last December "are simplistic." They asked the Cuban Government to present the public with evidence that "can convincingly prove" Aldana's statements. They said their organization has a primary objective: to "contribute to a dialogue and a rapprochement" with the currents of opinion that speak for democratic solutions in Cuba.

Fidel Castro's Political Adviser Interviewed

PY0701171692 Rio de Janeiro O GLOBO in Portuguese 5 Jan 92 p 28

[Interview with Jesus Montane, Fidel Castro's political adviser, by Claudia Varejao at a hotel in Niteroi on 3 January]

[Text] [Varejao] What type of political advice have you given President Fidel Castro recently?

[Montane] I do not advise him. He does not need it because he has full use of his mental faculties. I support his decisions, especially those dealing with the country's economic development.

[Varejao] You participated in the attack on the Moncada Barracks, you were aboard the Granma, and you fought in the Sierra Maestra. Which was more difficult, the revolution of 1959 or the post-communist and post-USSR one?

[Montane] The most difficult is undoubtedly the struggle against insurrection. We have the revolutionary power. It is true that we are facing a crisis, but we have political will, not just to resist and to succeed but also to continue the development process. First, because we have a very huge technical and scientific potential but mainly because we have the political determination to overcome all difficulties. Cuba lacks many things but it does not lack dignity. We are sure that we will succeed.

[Varejao] But as President Fidel himself has stated, Cuba is going through its worst crisis. The country did not receive a single litter of Soviet oil in December. The oil shortage is threatening the sugarcane harvest and the entire transportation system could stop because of the energy crisis. What is the solution for this?

[Montane] First, we have enough oil for the sugarcane harvest. It is true that we will have transportation problems, but this is part of the sacrifice we will have to endure to overcome the crisis. We have to urgently develop our industries. We also have a great capacity for

inventiveness. We just sponsored a forum where 40,000 inventions were exhibited. This is a way to face a crisis. We have no doubts that the people are determined to make every sacrifice to prevent the return of capitalism.

[Varejao] The will to hold elections, to have a more political participation can be observed on Cuban streets, especially among the young people.

[Montane] These are minority groups that are against the revolution. Most young Cubans advocate the revolution. They are mainly concerned about their studies and the need to prepare themselves to strengthen the revolution.

[Varejao] There is an organized opposition in exile, especially in the United States. Do you fear a coup?

[Montane] We do not fear it at all. I can say that the Cuban opposition numbers less than 1,000 people. They are groups that include the father, the mother, the son, the nephew, and the brother-in-law. Opposition abroad makes a lot of noise but I do not think they will dare to come to Cuba. During the Bay of Pigs attack in 1961, they were all killed in 72 hours.

[Varejao] The Americans currently have powerful weapons.

[Montane] [smiles] Well, they also used powerful weapons during the Vietnam war and the Vietnamese defeated them. The attackers escaped in helicopters.

[Varejao] Then, has the revolutionary spirit survived?

[Montane] Yes, it has survived.

[Varejao] Despite the fact that the people are facing a war economy during peacetime?

[Montane] Yes. We implemented a war economy just a few months ago. Our revolutionary comrades are preparing the people to face this stage or special period, and are even preparing for the "zero option" in case of a complete oil shortage.

[Varejao] Will it be possible to avoid the implementation of some sort of Cuban perestroyka?

[Montane] I would not call it perestroyka. We had been thinking about a very broad rectification process even before the implementation of perestroyka, and we do not think it will be unavoidable. We believe that the great change was already made under the revolution. Cuba can be compared with any country in the Third World, and one can see that it has experienced even greater changes. What we want is to improve our socialism. We carried out extensive changes during the Fourth Congress of the Communist Party of Cuba, including the freedom of worship within the party and the direct vote to elect the deputies of the parliament at a date still to be determined.

[Varejao] Is it possible to carry out presidential elections in the country?

[Montane] There have been presidential elections since 1976.

[Varejao] I mean direct elections.

[Montane] There are not direct elections either here or in Spain. It is up to the parliament to appoint the prime minister. The indirect presidential vote is used in almost all European countries, except in France. Yet, a commission is analyzing the matter. I personally do not trust a presidentialist regime. Why is there such concern over our electoral system? Each country has the right of self-determination and to carry out elections in the way it deems most appropriate.

[Varejao] How can anyone resist to the "capitalist tide?"

[Montane] Our political will enables us to resist even the most difficult circumstances. We will have to face difficulties, but Cubans have the ability to face them. Moreover, for 32 years, the revolution has created a huge technical and scientific potential, which enables us to work in science, biotechnology, pharmaceutical industry, and tourism.

[Varejao] Tourism yields dollars but tourists from capitalist countries exert great influence on the Cuban people. Could this become a double-edged sword for the revolution?

[Montane] Yes. But our tourism personnel is ideologically prepared to carry out their task. They take special training course, mainly ideological ones. These courses include ethical and moral norms, but they are based on ideology. Moreover, tourism in Cuba is very healthy because it does not include gambling or prostitution. Our tourism offers views, sun, and tropical beauty.

[Varejao] But tourists still see prostitutes in Cuba.

[Montane] There are very few.

[Varejao] How do you feel following the collapse of socialism all over the world?

[Montane] We know that there have been recessions throughout history but I do not feel disappointed. I am a combative person. We have to make new efforts to continue the struggle. We will not fail to meet our commitments with Third World countries, with those countries that support and help us. All Cubans, without exception, will struggle for socialism. What kind of future could we have with the famine and misery that results from capitalism? Cuba will never surrender.

Workers Allowed To Transfer Closer to Home

FL0801131292 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 8 Jan 92

[Text] The State Committee for Labor and Social Security [CETSS] put into effect today a resolution concerning job transfers by workers. The ministerial resolution establishes regulations for implementing job transfers and the legal benefits that apply to the workers

involved, in an effort by the state to allow citizens to work closer to where they live.

In a coordination meeting with the labor management bodies of the Havana City municipalities, CETSS Vice President Mayra Lavigne discussed the need for all state organizations and entities to comply with the resolution's provisions to alleviate the transportation crisis and avoid requiring workers to spend unnecessary amounts of time traveling by bus. This would occur through voluntary transfers by workers to jobs closer to their homes.

As a legal benefit, a worker's wages and seniority will be honored, since he will retain at his new job both his usual wage and the date he entered on duty at his original workplace. In addition, if he is a technician, he will continue at the same [word indistinct] wage level.

National Nuclear Science Training Highlighted

FL0901024592 Havana Radio Rebelde Network in Spanish 0000 GMT 9 Jan 92

[Text] Evelio Bello, director of the Cuban Higher Institute of Nuclear Sciences and Technology, has said that its students' high-level of scientific training and the internationally recognized quality of its facilities are among the most important accomplishments of the institution, which is celebrating its fifth anniversary.

[Begin Bello recording] From an educational point of view, I believe that our most important accomplishment has been the graduation, in a relatively short period of time, of students who we believe, from the most universal point of view, are prepared to face any kind of technical, technological, or new-technology tasks, which as we all know, are being applied in our country in the last few years. This is utilized not only at the standard nuclear installations that our country is building, such as the Juragua Nuclear Plant or the Nuclear Research Center, but in other advanced scientific facilities such as the technology or the pharmaceutical industry. In the research field, within the subjects covered by our students, we have also achieved various results which have been recognized even at the national level by the Cuban Academy of Sciences, on three main essential branches: vibration analysis techniques, the training of personnel for all types of facilities, and the application of nuclear technology in diverse spheres of the economy, such as the sugar industry, fuel deposits research, and the medical-pharmaceutical industry. [end recording]

The Cuban Higher Institute of Nuclear Sciences and Technology has already trained 250 professionals in nuclear engineering, nuclear physics engineering, and radio-chemistry.

Tools Manufactured To Help Productivity

FL0801225892 Havana Radio Reloj Network in Spanish 2046 GMT 8 Jan 92

[Text] Approximately 4,000 agricultural tools were manufactured in Pinar del Rio in 1991 to help increase agricultural productivity during the special period. Among these articles, there are more than 1,700 American-style plows, and approximately 25 yokes as well as 3,000 animal-drawn vehicles, accessories, tools, and more than 30 multi-plows.

The repair shop at the Sandina Enterprise of Pinar del Rio, one of the most outstanding enterprises in the implementation of initiatives during the special period, has manufactured machinery to spray herbicides and manual fumigation backpacks, and rakes among other scarce agricultural tools.

This enterprise has a natural chemical compounds research and production center where the first Cuban herbicide was produced from organic components extracted from mangrove and grapefruit juice.

Haiti

Aristide Accepts Theodore as Prime Minister

PA0801155492 Paris AFP in Spanish 1510 GMT 8 Jan 92

[Text] Santa Fe de Bogota, 8 Jan (AFP)—Former Colombian Foreign Minister Augusto Ramirez, president of an OAS commission on Haiti, told Radio Caracol of Bogota in a telephone conversation from Caracas today that Haiti's deposed President Jean-Bertrand Aristide has accepted Rene Theodore as a candidate for Haitian prime minister.

Ramirez said that in view of the refusal of the Haitian National Assembly to choose one of 14 names proposed by Aristide, the ousted president, who was meeting with a commission from the Haitian congress in Caracas on the evening of 7 January, decided to accept Theodore, a communist, bypassing the centrist Marc Bazin.

Ramirez said that Theodore's name will be submitted to the Haitian Congress and will probably be accepted by a majority so a new government can be established immediately and Aristide can return to Port-au-Prince as soon as possible, ending the political crisis in the Caribbean nation.

Demonstrators Protest Aristide's Return, Embargo

FL0801191392 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 8 Jan 92

[Excerpts] The Liaison of Democratic Forces, headed by Daniel Narcisse, staged a demonstration against the embargo and against ousted President Father Jean-Bertrand Aristide on 7 January. One of our colleagues covered this demonstration.

[Begin recording] [Unidentified reporter] Several dozen people demonstrated in Port-au-Prince on 7 January, protesting the return of ousted President Father Jean-Bertrand Aristide, and demanding for elections to be organized. In their opinion, the only way for the country to get out of its current crisis is theough elections. The demonstrators, who answered the call issued by a committee of the Liaison of Democratic Forces, hurled slogans hostile to the deposed president and to the Avalanche Movement. According to Daniel Narcisse, one of the organizers of the demonstration, ousted President Jean-Bertrand Aristide does not have the right to choose a new prime minister. Narcisse criticized negotiations initiated between Haitian parliamentarians and Father Aristide under the auspices of the OAS. [passage omitted]

While demanding elections, the demonstrators also brandished placards condemning the embargo that the OAS imposed on Haiti. It should be noted that while standing outside the U.S. Embassy, the demonstrators displayed pictures of former Haitian dictator Jean-Claude Duvalier. [end recording]

Protesters Attack Newsmen

FL0801212892 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 08 Jan 92

[Text] In the course of the demonstration staged on 7 January by the Liaison of Democratic Forces, demonstrators attacked two journalists including an AFP photographer. The newsmen were Rony Belizaire, who works for the AFP bureau in Port-au-Prince, and Mr. Evans Gabriel, a Haitian radio correspondent from Miami's WKAT.

The journalists were seriously beaten by two neo-Duvalierists demonstrators who were upset because the reporters were trying to take their picture. Other demonstrators who were against these violent acts, interfered and one of them accompanied the two reporters to the Investigation and Anti-gang Bureau at the police department where Captain Jackson Joanis offered them protection and helped them reach their car, parked not far from the demonstration.

A young man called Kesnel Cange, accused by the demonstrators of throwing stones at the them, was barely saved by some uniformed policemen who protected him from the hostility of the mob.

Many demonstrators were wearing badges on their chests with the picture of former macoute leader Roger Lafontant who died during the events at the end of September at the National Penitentiary where he was imprisoned because of coup attempt on 7 January 1991.

Roger Lafontant's former body guard, just released because of the amnesty declared by the provisional government, Mr. Mirabeau Petit-Homme, who was also participating in the demonstration, stated to the press that the Duvalierists would support the candidacy of former General Williams Regala, former second in command during the civil-military Namphy regime in 1986-1988, if presidential elections were to be held.

New People's Organization Mobilized in Les Cayes

FL0801185892 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 8 Jan 92

[Excerpts] Lemis Lubin, spokesman for a new organization called Southern Militants Assembly, in Les Cayes, stated that despite all acts of intimidation, they remain mobilized so the 16 December victory is not lost. They believe it is either a mistake or a personal interest that prompts anyone to say that Aristide's return might cause a civil war. [passage omitted]

Lemis says that despite the deaths of 29-30 September 1991, the 16 December spirit will not die.

Netherlands Antilles

Curacao Hosts Talks on Status Within Kingdom

FL0701144392 Bonaire Trans World Radio in English 1130 GMT 7 Jan 92

[Text] Curacao is hosting a 10-day visit by Dutch Antillean Affairs Minister Ernst Hirsch Ballin to talk about the future of the Kingdom, that is, the Netherlands Antilles and Holland. Radio [name indistinct] on Curacao reports that a government official told a news conference yesterday that Curacao's political agenda includes autonomy within the Kingdom. That is the status which Aruba now holds. Aruba is not totally independent from Holland, but is separate from the Netherlands Antilles. The talks are set to begin today in Willemstad.

Belize

Opposition Split Over Guatemala Negotiations

FL0801153692 Bridgetown CANA in English 1337 GMT 8 Jan 92

[Text] Belize City, Belize, Jan 8, CANA—Belize's opposition United Democratic Party [UDP] is taking action to expel three of its leading members in a row about negotiations with Guatemala. At a meeting Monday night, the party's Central Committee voted to recommend to the national executive the expulsion of area representative Derek Aikman, former Attorney General Hubert Elrington, and lawyer Bernard Q. Pitts. It follows claims made by them that party leader Manuel Esquivel and his deputy, Dean Barrow, had been bribed to support the joint government and opposition negotiations with Guatemala.

Aikman, Elrington and Pitts, along with veteran UDP politician Phillip Goldson are founding members of the Patriotic Alliance for Territorial Integrity, set up last month to oppose a controversial maritime areas bill. The bill, which is backed by Prime Minister George Price's People's United Party government and the leadership of the UDP, limits Belize's territorial waters to three miles in disputed southern waters, and is being seen as part of a deal to get the Guatemalans to finally give up their claim to Belizean territory.

The Patriotic Alliance says the bill makes too many concessions to Guatemala, and Belize should claim rights in an area of sea all the way up to the line which divides the two countries. UDP leader Esquivel said the party was perfectly happy for its members in the Patriotic Alliance to oppose the maritime areas bill. However, he said the party had to draw the line when the leaders were accused of "sinister and treacherous motives" in their support of the negotiations.

"Mr. Pitts said that we were laughing all the way to the bank, suggesting some kind of financial motivation. Mr. Aikman has said outright that all the members of the bi-partisan commission of which myself and Mr. Barrow are part, are lying to the people. Mr. Elrington has been suggesting some sinister plot by myself as far as some secret dealings with the president of Guatemala," said Esquivel.

"In the view of the party, this has nothing to do with opposing the maritime areas bill. To try to suggest certain dishonest or illegal motives on behalf of the party's leaders, then you are attacking the party and not the bill," he said. Esquivel said the recommendations for expulsion would be put to a meeting of the party's national executive which has been called for Sunday. He said another resolution has been passed by the Central Committee declaring the Patriotic Alliance an organisation opposed to the party because it had made calls for a picket of his office, and for the picketers to carry placards saying "down with traitors."

UDP deputy leader Dean Barrow said the expulsion recommendation had been made because the three had grossly misrepresented the party's position.

"They made scandalous accusations against the leader of the party and against myself. In that kind of a context, I think the party felt that the time has come to respond to what has been going on and to deal with it decisively," he said.

Political observers say the moves against Aikman, Elrington, and Pitts could provoke Phillip Goldson into splitting from the UDP which he helped to create in the 1960's. Goldson has been a long time opponent of Prime Minister Price. He was opposed to compromising with Guatemala even though he was a member of the last UDP government, which started the current negotiations in 1987.

El Salvador

Arena Declares National Peace Day 16 Jan

PA0801163992 San Salvador LA PRENSA GRAFICA in Spanish 7 Jan 92 p 2

[Text] Armando Calderon Sol, president of the Nationalist Republican Alliance, Arena, has announced that 16 January, the date when the definitive cease-fire will be signed ending 11 years of war in El Salvador, will be officially declared National Peace Day.

Calderon Sol made the announcement with Arena's main leaders, including Legislative Assembly President Roberto Angulo, at a 6 January news conference.

Calderon Sol and Angulo referred to a meeting called on 6 January by the Interparty Commission to plan the 16 January historical celebration of National Peace Day in El Salvador.

According to the Arena leaders, 16 January will be a great national holiday because "16 January 1992" must go down in history as the day the reconciliation process begins in our country.

Calderon Sol stressed that future generations must remember every year the signing of the agreements scheduled to take place in Mexico on 16 January, so that Salvadorans can recall a tragedy that must not repeat itself.

On another subject, Calderon Sol also said Major Roberto D'Aubuisson is recovering and receiving therapy.

With regard to Arena Executive Committee member Guillermo Sol Bang, who was kidnapped four months ago, Calderon Sol said his whereabouts remain a mystery.

Arena Praises President

PA0801143092 San Salvador EL DIARIO DE HOY in Spanish 7 Jan 92 p 30

[Paid advertisement by the Nationalist Republican Alliance, Arena, issued in San Salvador on 7 January]

[Text] **THANK YOU, MR. PRESIDENT!**

Nationalist Republican Alliance (Arena) is grateful for your work, dedication, and tireless determination to achieve peace. Only Nationalist Republican men such as you and your work team have made possible the peace agreements that will be signed in Mexico City on 16 January.

Arena is pleased with and proud of the work that has been carried out, because all our party, and you, have considered **PEACE** to be a goal achieved by **ALL** Salvadorans. We again issue an appeal to all the groups in our nation, because we will attain that harmonious coexistence and the truly legal state we all want only by working together to achieve that national goal, **PEACE**.

Peace, Progress, and Liberty has been the principal slogan of the party since its foundation. The trilogy is the one the Salvadoran people have always wanted. You emphasized it in your inaugural speech on 1 June 1989, pledging to work tirelessly to achieve peace.

Onward Nationalist Republicans, Arena members all; we start a new phase in the life of the homeland. With deep faith, we will achieve a reconciliation that will demand more efforts and levels of sacrifice and dedication from each one of us. In this way, our homeland will become more prosperous and beautiful with the help of the Divine Savior of the World.

Mr. President: You may count on the party for the peace and reconstruction process in our homeland. We know that we are all essential for this goal; and we know that only by **WORKING TOGETHER** toward the achievement of that lofty goal—reconstruction, progress, and a better lifestyle for the Salvadoran people—will we be able to have harmony it an atmosphere of liberty and democracy. [Issued] San Salvador, 7 January 1992. [Signed] Arena

Guatemala

Judge Rules Against Extradition of Former Mayor

PA0801214392 Guatemala City SIGLO VEINTIUNO in Spanish 7 Jan 92 p 3

[Excerpts] Judge Oscar Humberto Lopez Lemus of the Sixth District Lower Court has ruled against the extradition of former Zacapa Mayor Arnoldo Vargas Estrada and has ordered his immediate release, Attorney General Acisclo Valladares Molina reported on 6 January.

Valladares Molina said that at 1530 on 6 January Judge Lopez Lemus announced his decision to reject the extradition request and ordered Vargas Estrada's release with the provisional implementation of the resolution.

"This decision was expected, as in Garcia Marquez' "Chronicle of a Death Foretold." It has been an open secret since 3 January, when the decision was made," Valladares said.

"There were even reports that a considerable amount of money had been offered and pressures had been exerted to ensure a ruling against the extradition. I went to the court early on 6 January. The judge left, practically concealing the legal proceedings, which were not in the hands of the official in charge of the case, and did not return until 1500," Valladares added. [passage omitted]

Valladares said he respects the resolution but obviously does not agree with it, and therefore Jose Lopez Mendoza of the Prosecutor's Office immediately appealed the decision, which must be settled by the Fourth Chamber of the Court of Appeals.

"Aside from the judge's erroneous criteria, the order permitting Vargas Estrada's release based on a provisional implementation of the resolution is inconceivable," Valladares stressed. [passage omitted]

Valladares said, "The Supreme Court of Justice will start a pretrial motion against the judge because he perpetrated an act that could be considered criminal. For example, he issued the ruling on 3 January 1992, when he should have issued it on approximately 4 December 1991. In other words, he took 30 days, which constitutes failure to fulfill duties." [passage omitted]

Nicaragua

Government To Issue Rulings in Property Cases

PA0801145492 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 7 Jan 92

[Report by Maria Elsa Suarez]

[Text] In the next few days, the Office for Territorial Reorganization (OOT) of the Finance Ministry will solve the first 50 property cases filed under Laws 85 and 86. In an interview granted to journalist Maria Elsa Suarez, Finance Minister Dr. Emilio Pereira stated that the OOT will be the office responsible for handling the property issue.

The OOT, created by the national agreements, reopened its service to the general public with an established agenda. People are interested in finding a solution to their property problem, the finance minister expressed.

[Begin Pereira recording] More than 9,000 petitions have been filed. This extraordinary amount of requests demonstrates that the people are very interested in clarifying the status of their property. According to the statistics, more than 600 cases are being processed.

We are about to solve the first 50 cases. In some cases, the property rights of landowners will be confirmed definitively. In other cases, however, landowners have failed to satisfy the property requirements. [end recording]

Dr. Pereira explained that the cases involving abuse will be referred to the Attorney General's Office. This will

allow the Attorney General's Office to determine whether the property will be returned to the state or to its former owner.

Dr. Pereira also said that he will request that the Supreme Court of Justice investigate attorneys who issued hundreds of land ownership titles after 25 April 1990.

[Begin Pereira recording] The week following 25 April 1990, some lawyers registered between 400 and 500 land ownership titles. From the practical and rational point of view, this is very difficult to accomplish. [end recording]

The finance minister added that if this is confirmed, many land ownership titles will be canceled.

* Reaction to Property Issue Vote Reported

* Editorial Praises Executive

92CA0060A Managua BARRICADA in Spanish
14 Dec 91 p 3

[Text] The National Assembly's final burial of the so-called "Cesar Law" yesterday ends over five months of legal wrangling and open war between the different branches of government that have seriously affected the country's stability.

Throughout this long period, thousands of peasants who were the beneficiaries of Agrarian Reform, members of cooperatives and land and home owners were left on tenterhooks facing the threat of eviction as the result of the law. In the end, the victory of the presidential veto and the validity of orders issued as a result of the National Dialogue Agreement have now confirmed the legal security they never should have lost. Such security also extends to all economic and social agents in the country, for when the constitution has been saved, as in this case, each and every one of us is a winner.

After several weeks of a tug-of-war between the Executive Branch's offers to negotiate and the inflexibility of the National Assembly president, the veto's victory amounts to a personal political defeat for Alfredo Cesar's leadership. It is Cesar, not UNO [National Opposition Union], who is the real loser.

From the time of its introduction in August, it was clear that a law that expropriated property and was riddled with violations of the constitution could have no other future than eventual cancellation. And yet, Cesar stubbornly held on to the parliamentary steamroller, succeeded in getting the law passed, and engaged UNO in a sterile confrontation with the Executive and other branches of government.

What Cesar did was confuse the actual power of his presidency, bestowed months before by Sandinist votes, with President Chamorro's national legitimacy, which he irresponsibly challenged. He intended to render the country ungovernable and in the end lost three rounds in a single legislative session: the budget round, that of his own abortive law, and the round on constitutional reform which he proposed to use to validate the parliamentary uprising.

Now, to tough it out, he will say his defeat is "a victory of the democratic system," when what he was actually after was a weakening of the democratic order by attacking any possibility of agreement and consensus on the issue of property.

One has to admit the Executive Branch has set an example of consistency in complying with commitments made to the nation's constitution and to national stability. Unquestionably, this now turns into a factor of confidence for all sectors affected by the issue of property in the sense that rights and claims are certain to be respected.

Having dealt with the critical issue of property, the National Dialogue must now move on to a new phase of political maturity in the country in which minimal agreement rather than crushing defeat of the adversary will be the standard of behavior. The very complexity of the economic and social challenges that lie ahead requires it. Never again must the country be allowed to be subjected to a process of attrition leading nowhere.

* Cesar Denies New Majority

92CA0060B Managua BARRICADA in Spanish
15 Dec 91 p 5

[Report on interview with National Assembly President Alfredo Cesar by Marcio Vargas; place and date not given]

[Text] The 1991 term of the Legislature draws to a close today with a "solemn" session which President Violeta Chamorro and the heads of the other branches of government will supposedly attend. In other words, it will end "normally."

However, relations between the Chief Executive and the Legislature are in no way normal and in recent days, both branches (personified by Minister of Presidency Antonio Lacayo and National Assembly President Alfredo Cesar, brothers-in-law in private life) have been locked in a rather "sordid" struggle" ending in passage of the most important measures introduced by the president thanks to the support of Sandinist votes combined with a strange group of UNO [National Opposition Union] deputies from the so-called "center."

Although "not yet consolidated," the Sandinists have comprised a "center bloc" independent of the UNO bench in the National Assembly and producing "a new majority" that backs bills promoting stability rather than confrontation.

For a number of UNO deputies, including conservative Miriam Arguello, it is more of "a stomach problem" because Assembly deputies are paid "starvation wages," as a result of which some are forced to "hold their hands out" for gifts supposedly offered by the Executive Branch in order to win votes.

The eternally controversial leader of the PSD [Democratic Social Party], Alfredo Cesar (who did not hesitate to resort to opposition support to win the Assembly presidency or to head up the most radical anti-Sandinist measures in an almost unprecedented display of political inconsistancy in the Legislature), does not agree with either one.

"The notorious new majority does not exist. It is a mirage; there is no center bloc," nor is there any corruption. Rather, it is a "matter of conscience, with some members believing that by changing their vote at a given moment," they are supporting President Violeta," Cesar argued, during an interview he personally requested and which we granted.

"I have no doubts about the conscience of UNO deputies or about their support for the government's program and the mandate they received via the people's votes in the 1990 elections," he emphasized, measuring his words with the excessive precision that is seemingly characteristic of his controversial political personality.

"New Majority"

[Vargas] How do you explain the vote on the budget, first of all, and the presidential veto of the Property Law? The government refers to a "new majority" that backs its measures in the Assembly, right?

[Cesar] No, my friend, there is no new majority. The only ones who see such a thing are those who have a vested interest in seeing it. Just look at the vote on the budget: 47 to 45, a single vote making the difference. In the vote on the veto—let me tell you it is no easy thing to go against the veto when the president's wishes are at stake, right?—we got the vote we could not win on the budget. We got 46 votes and won it (46 to 43), but all they would have needed was one vote, one single vote, to override the veto.

Tell me, who can govern with such a supposed majority of no more than one vote? No government can, so UNO continues to have a majority in the Legislature, and that is the truth.

[Vargas] But you still have that group, the so-called "center" group....

[Cesar] There is no center bloc. Didn't you hear what Adilia Sirias said? She said, "We are not from the center; we are from UNO, although some refuse to admit we are from UNO. We are UNO deputies who in this case want to throw our support to President Violeta.

Debate With Sandinists

In referring to the Law on Property (the so-called "Cesar Law"), the president of the Assembly agreed that the presidential veto "leaves the law toothless." However, he paradoxically added that it was "better" this way because the next legislature will now be able to enter a new phase in which "they will make the necessary reforms" with the government's consent and "taking Sandinist views into account."

"Remember the Sandinists withdrew. They refused to participate in the debate on the drafting of this law, as a result of which it was imperfect," Cesar said, adding that "I understand the Sandinists. The issue of the *spoils* [pinata] is indefensible, but it was a political mistake to withdraw."

[Vargas] And yet, only a few days ago, the Sandinists participated in the Joint Commission's meeting with the government and you on this topic, right?

[Cesar] Yes, but it came late. However, even though it came late, we could see that we could move toward the consensus that I had always wanted and could never achieve.

* Lacayo Optimistic

92CA0060C Managua BARRICADA in Spanish 15 Dec 91 p 5

[Text] Minister of Presidency Antonio Lacayo said the National Assembly "regained its identity" Friday when it became "a forum that negotiated, debated, and proposed alternatives to the national budget, Law 133, and the president's veto."

Lacayo said that as a result of bargaining and the existence of a group of deputies from the "center," voting was close and the majority supported both the Executive's proposal on the national budget and the veto of the so-called "Cesar Law."

"I think the way the session ended was highly significant and will enable the National Assembly to function as a true political forum in 1992." In his opinion, this did not happen this year because of extreme political polarization.

Concerning Cesar's threats to introduce three new proposals during the next term of the legislature, the minister of presidency said only that "That is the way it is," and that "by definition, any deputy may introduce bills, just as President Violeta Barrios de Chamorro can."

He added that such laws must be viewed in terms of their benefit to the Nicaraguan people. They must also be fully debated "so that when they are passed, they will enjoy support as a result of such debate."

He said that if bills are to be debated next year, "it will be in a more constructive atmosphere, without anticonstitutional measures such as Law 133." "I think they will be more moderate measures," he said.

Concerning the deputies' work in 1992, Lacayo said they will keep a closer watch on the people's interests. "We must do away with the custom of using the Assembly for partisan or, what is even worse, personal interests, as has been the case this year."

He said that Friday's "capricious" maneuvering of the agenda for debate had hurt the Assembly and added that "this will not happen again so easily in the future."

He said he was encouraged by the agreement made by UNO and the government on 11 November to promote the UNO platform. "It states quite clearly that this country must be led by the Government of National Salvation and transcending partisan interests," he said.

The minister of presidency said such a commitment must also be made by the Legislature in order that it might have a different tone from this year's term, "in which partisan, anti-Sandinist, and personal interests prevailed."

Concerning Cabinet changes and the rumored inclusion of Sandinists, Lacayo said it will be done based on the qualifications of every individual rather than political affiliation.

"I believe there are some very competent Sandinist officials. However, there are also persons who have not served in government and who I think could now lend their support," he said.

Chamorro Removes Two Government Officials

PA0801184592 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 8 Jan 92

[Text] The Information and Press Directorate of the Nicaraguan Presidency has reported that President Violeta de Chamorro decided to remove Dr. Noel Vidaure Arguello and Dr. Antonio Ibarra Roja from their government posts for carrying out unauthorized functions by publicly passing judgment on the actions of other government officials. The nation has agencies and procedures established for such actions.

It was stated that the mutual accusations made by these two officials have not yet been confirmed. President Chamorro has asked the Office of the Comptroller General to give a final opinion on the accusations.

Panama

'Anti-U.S. Groups' Plan 9 Jan Protest

PA0901010292 Hamburg DPA in Spanish 0044 GMT 9 Jan 92

[Text] Panama City, 8 Jan (DPA)—Panamanian "anti-U.S." groups will stage a rally on 9 January in front of U.S. Southern Command headquarters as part of the events to mark the 28th anniversary of the U.S. intervention on 9 January 1964 that left 22 dead and over 800 wounded.

The Committee for the Recovery of Sovereignty and the Democratic Nationalist Group have called for the rally in which they want to highlight the demands of the Panamanian youths and people at that time in hoisting the Panamanian flag in the area under U.S. jurisdiction in the Panama Canal Zone.

"This day will also be appropriate for rejecting any plans for renegotiating the military bases, as it would betray the memories of the heroes and martyrs," they pointed out.

Meanwhile, Panamanian opposition parties such as the Christian Democratic Party and the Democratic Revolutionary Party have issued communiques recalling the January 1964 events and rejecting the U.S. interventions in Panama.

President, Foreign Minister on Recent Shootout

PA0901043792 Panama City EL SIGLO in Spanish 8 Jan 92 p 12

[Article by Jose Gonzalez Batista]

[Text] "I am not convinced that U.S. nationals shot any Panamanian," U.S. Ambassador to Panama Deane Hinton stated, referring to an incident between U.S. soldiers and Panamanian policemen early on 5 January in which Panamanian citizen Reynaldo Rodriguez Pena was wounded by gunshot.

Rodriguez Pena, 38, was shot in the left leg in the exchange of fire between individuals riding in two automobiles at 0140 on 5 January near Calidonia, according to the National Police.

According to the U.S. diplomat, there are doubts as to the participation of the U.S. soldiers in the incident. The matter must be investigated, inasmuch as he is not convinced that the soldiers fired at any Panamanian.

President Guillermo Endara stated that he is very "upset" over the outrages committed by the U.S. soldiers and said the situation is "a matter of concern."

Likewise, Foreign Minister Julio Linares stated that on learning of the events through the local media, he sent a note to Government and Justice Minister Juan Chevalier and Attorney General Rogelio Cruz so they would investigate the events and report to the Foreign Ministry to determine what action should be taken regarding the Panama Canal treaties.

Furthermore, Panamanian National Police and the U.S. Army South issued contradictory communiques on the armed incident by U.S. soldiers, in which Panamanian national Rodriguez received a leg wound.

The National Police report said that Reynaldo Rodriguez, 38, was walking early on 5 January in the crowded Calidonia neighborhood when he received a gunshot wound from an exchange of fire between three U.S. Army South soldiers stationed in the Canal Zone, who were riding in two vehicles.

A U.S. Army spokesman explained that three soldiers were driving early on 5 January in the El Chorrillo

neighborhood—a different area of the city than what the police had said—where "they set off some fireworks."

When a member of the National Police heard the detonation of the alleged fireworks, he thought he was being attacked and opened fire on the vehicles in which the U.S. soldiers were traveling, slightly injuring an unidentified Panamanian who happened to be passing by.

This U.S. press communique states that Jeffrey Scaggt, Eric Hunt, and Paul Porreca, U.S. Army South soldiers, are now under arrest at Ft. Kobbe while base officers conduct an investigation.

Argentina

Menem Comments on Falklands Arbitration Proposal

PY0801203492 Buenos Aires TELAM in Spanish 1842 GMT 8 Jan 92

[Excerpts] Buenos Aires, 8 Jan (TELAM)—President Carlos Menem has asked himself whether "there is a conspiracy by some political sector to cause the failure of the Argentina that is projecting itself in the world" or by those sectors that "have missed the train of history." The President has stressed that "nothing has been concealed" regarding alleged corruption cases.

In remarks to journalists accredited to Government House, Menem also reiterated that his proposal for arbitration on the Malvinas Islands "is one of the possibilities within the framework of the dialogue" with Great Britain. He affirmed the government will continue to impose "rigorous discipline" in the fiscal sector.

Menem talked with journalists for an hour at noon today after he found out about the health of U.S. President George Bush, who was taken ill in Tokyo. [passage omitted]

In another part of his news conference, Menem stated that his hypothesis on arbitration for the Malvinas "is one of the possibilities, and as I have said about the dialogue, this is one of the possibilities within the framework of that dialogue."

"Basically our intention is to recover our islands through bilateral negotiations or within international forums, and this is what we are doing, with positive results up to present," the president added. [passage omitted]

Menem supports the reorganization of the Coast Guard and Border Guard. He said: "If we are reorganizing the country, then everyone comes within this reorganization, all organizations, all institutions. For example, I did not like the overlapping of the functions of the Border Guard, Army, Navy, and Air Force in various communities of the country."

The president continued: "There are still areas in which the functions of the Border Guard, Federal Police, provincial police forces, and other state organizations overlap. This never produces good results; therefore, we will reorganize."

He also stated that a project to unify the country's five military aviation schools is also under way because "the Air Force performs this function, so there is no need for the other forces and the security forces to carry it out."

As for the discovery of documentation proving that the Uruguayan, Brazilian, and Argentine military governments acted jointly in their repression, Menem said: "Certainly we are going to cooperate, of course," if the government is asked for that information.

"This will make our procedures completely transparent and will help bring out the truth about a sinister, tragic past for several countries of this continent," the president added. [passage omitted]

Minister Sees Falklands Arbitration as One Option

PY0901030292 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1115 GMT 6 Jan 92

[Text] Buenos Aires, 6 Jan (NA)—Foreign Minister Guido Di Tella downplayed the possibility of resorting to international arbitration to decide sovereignty over the Malvinas Islands when he admitted that the proposal could be answered "negatively" by Great Britain.

In remarks to a Buenos Aires morning newspaper [Madrid EFE in Spanish at 1122 GMT on 6 January in a similar report cites the Buenos Aires newspaper CLARIN], the foreign minister thus referred to the proposal launched by President Carlos Menem on 4 January in Pinamar, which according to Di Tella "consists of a menu of options that is not exhausted with that possibility."

The minister, who is vacationing at the Uruguayan seaside resort of Punta del Este, expressed his conviction that the hypothetical solution "will be entirely satisfactory for the interests and desires" of the kelpers [preceding word in English].

He explained that "the menu of alternatives" encompasses all the options "for peaceful solutions to controversies" contained in the UN Charter. In this respect, he mentioned "bilateral and multilateral negotiations, arbitration, and international judgments." He stressed: "We are not saying that what worked well for Chile must necessarily work well for the Malvinas or other parts of the world." "What we are saying," he continued, "is that with that country, the parties agreed to a combination of negotiation and arbitration (referring to the Laguna del Desierto dispute) that has been very successful."

He stated that the possibility the proposal will be accepted by the UK is based on the fact that "it is not being done hurriedly or with friction or threats," because "here we have [words indistinct] of cooperation and mutual confidence [words indistinct]."

He added that "a mission for evaluating cooperation in the mining sector will meet in about a month" within the framework of the visit Vice Foreign Minister [position as received] Tristan Garel-Jones will make to our country and the visit President Menem will make to Great Britain in the middle of this year.

He also stated that Argentina "is no longer a country that the world cannot trust," and "it has clearly inserted itself into the Western alliance." He said: "The argument that may have prevailed before was that the islands had to be saved for the West, (?and this) implied that they should be under British hegemony. If this phrase is used now, however, it necessarily has to include Argentina."

Di Tella explained that Argentina "is now just as trustworthy a partner of the West as is Great Britain" and that "this is what gives us the negotiating power that we lacked in the past."

Regarding the arbitration issue, the foreign minister said: "There was no specific proposal made for the Malvinas issue" but rather "a menu of options" will be submitted. He added: "Arbitration may ensue from a negotiation. The president was quite clear on this."

Di Tella added that "we are not in a hurry to draft a hasty answer for tomorrow," but he admitted that "it may be that the British will answer negatively or that they will not have a positive reaction because they may not yet be mature enough for this."

Regarding the interests of the kelpers, Di Tella said that their existence, "their wishes, and interests are a factor in this issue." But he added that "whether we are going to allow 2,000 people to impede the achievement of a solution is another question."

In this regard, he said: "The solution to be achieved must satisfactorily meet both the interests and desires of the kelpers."

Speaking about the visit former British Prime Minister Margaret Thatcher will pay to the Malvinas on 12 June on the 10th anniversary of the Argentine military defeat in the Malvinas, Di Tella said: "We will adopt a position based on what she says."

The foreign minister assured that "Argentine public opinion has matured and can understand that we made a grave mistake in 1982 when we tried to recover the islands the way we did."

He noted: "Arbitration or negotiation on the sovereignty issue may now seem distant and unrealistic, but we must add that in recent years many unrealistic and distant ideas have been used to solve international conflicts in other parts of the world. I do not see why this formula cannot succeed in the Malvinas issue."

Armed Forces Staff Explains International Tender

PY0701151692 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2115 GMT 6 Jan 92

[Text] Buenos Aires, 6 Jan (NA)—According to an official communique released today, the Armed Forces Joint General Staff (EMC) has suggested that the government should "not continue" the Integrated Defense Telecommunications System (SITD) project without first making "a thorough and updated evaluation of the real needs and requirements."

It has been reported that a note on EMC letterhead refering to newspaper reports about delays and interference in the project was passed to the Defense Ministry after a suggestion was made on "the need for reconsideration."

One of the two factors explained by the EMC refers to "changes within the restructuring of the national government and the defense, security, and Armed Forces."

The other element considers "the current financial economic situation that prevents the implementation of a project as big as the originally planned SITD."

The morning newspaper PAGINA 12 on Saturday [4 January] carried a report that an unidentified "member of the national Cabinet" has spoken of pressure by the U.S. Embassy and Pentagon to expedite the SITD tender.

The system was created to make it easier for the president to improve his telecommunications system with the Armed Forces and the security forces.

Several international companies participated in the tender, and the first report of the technical commission, which is made up of members of the Armed Forces, favors the American GTE company followed closely by the French Alcatel company.

PAGINA 12 noted that the bidding was halted in August 1991 without opening any of the sealed bids.

The EMC states: "The SITD proposal is not incompatible with the system used by the presidency, on the contrary, it offers the convenience of one single communications system that would combine both projects."

The EMC document is signed by Navy Captain Rogelim Garcia Llano, chief of the Technological Management Department.

The EMC states that "when the state enterprise ENTEL [National Telecommunications Enterprise] was privatized, it was observed that a modern, reliable, fast, and secure system for communications within the defense area was needed."

The report continues that the EMC "analyzed the issue and invited those companies technically capable of submitting a proposal in accordance with the basic requirements of the SITD project."

It adds that "the technical proposals were evaluated by a qualified commission, thus complying with the first stage of the project (seeking technical solutions within the basic requirements).

Executive Decree Detainees Compensated

PY0501230692 Buenos Aires BUENOS AIRES HERALD in English 4 Jan 92 p 11

[From the "Argentina in Brief" column]

[Text] (DYN)—Of the 8,600 persons detained under executive decree in the state of siege during the last military regime, 4,000 should be able to benefit from a new compensation law published on Thursday [2 January], government sources reported yesterday. However, they added, of those 4,000 or their survivors, only individuals who can prove their illegal detention was ordered by an executive decree

will be allowed to collect damages under the plan. One notable group who will not benefit from the government's offer consists of those imprisoned by judicial decree, as those 150 citizens (including President Carlos Menem) were compensated under a similar piece of legislation passed in January 1991.

Brazil

Reaction to Collor's Social-Liberalism Article

PY0801174492

[Editorial Report] Sao Paulo FOLHA DE SAO PAULO in Portuguese on 6 January, in Section 1, page 8, publishes several reports on reactions to an article written by President Fernando Collor that was published in the same newspaper on 5 January.

A 300-word report carries the reaction of Bahia Governor Antonio Carlos Magalhaes, who says the federal government "cannot set rules for the country," that "the government will not succeed in reducing inflation through the suffering of the people," and that "there are specific subjects that will make consensus very difficult."

The same report carries the reaction of Ceara Governor Ciro Gomes, who says: "No one is willing to swallow proposals coming from the top that were formulated in isolation and do not always take into account the interest of the people."

In a 100-word report, Chamber of Deputies Speaker Ibsen Pinheiro says that he deems it "constructive and positive" that the president has "called on the nation for a debate."

In another 100-word report, Genebaldo Correia, Brazilian Democratic Movement Party leader, says: "No one would oppose an agenda for consensus, but no party will support a government that is worn out in the eyes of the public if it is unaware of what the government is actually planning to do."

Finally, in a 100-word report, Finance Minister Marcilio Marques says he believes "social-liberalism is the appropriate path for Brazil to develop a political view of the market economy with emphasis on the social areas." He also says he expects the president's article "will be a seed that will promote debate."

Presidential Spokesman Rejects Criticism of Collor

PY0801232792 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Jan 92 p 4

[Text] Presidential spokesman Claudio Humberto Rosa e Silva yesterday refuted politicians' criticism of the article published by President Fernando Collor in three newspapers, among them FOLHA. "Some of the criticism was strange and absolutely unfounded. I suspect that these people did not read the article at all or simply read hasty summaries written by their aides," said Humberto without specifying further.

FOLHA yesterday published criticism by Bahia Governor Antonio Carlos Magalhaes (Liberal Front Party), who believes that Collor should not dictate rules for society, and by Ceara Governor Ciro Gomes (Brazilian Social Democracy Party), who said that Collor is isolated.

Humberto said that the points mentioned by Collor in his speech during the last cabinet meeting of 1991 and in his recently published first article reflect the "wishes of society." He said that Collor is only launching some points for discussion.

He said "the agenda for consensus" proposed by the president in his year-end speech is the third stage of a national understanding. Humberto said the agenda is part of a process initiated by the National Reconstruction Project (Big Project) launched in March 1991.

Humberto said that President Collor "is not considering" asking people to discuss the agenda. He said Collor will announce the agenda during interviews and in his articles.

He said that this process of national understanding began with the National Reconstruction Project. The second stage began with the Big Amendment. As a practical result of these initiatives, Humberto mentioned the fiscal adjustment. The third stage will be the agenda.

He confirmed the president is now less busy. He said that Collor is using his time, for example, to write these articles.

Collor Signs Documents To Continue Deregulation

PY0901012492 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 8 Jan 92

[Report by Lourival Macedo at Planalto Palace]

[Text] In a ceremony at Planalto Palace today, President Fernando Collor presided over the signing of documents that continue implementation of the National Deregulation Program, which was created at the beginning of Collor's term in office.

Thus far, President Collor has revoked 112,000 decrees, reducing excessive bureaucracy and making the lives of the Brazilian people and the work of Brazilian companies easier. Today he signed 17 more documents on deregulation, including decrees, bills, circulars, and resolutions.

One of the bills sent to Congress proposes the top value for blank checks be increased to 300 fiscal units. If Congress approves this proposal, the top value for these personal checks will be increased from 12,688 cruzeiros to 180,000 cruzeiros. Another bill modifies the date for individual contributions to the National Institute of Social Security [INSS] from the fifth to the 20th day of each month.

President Collor ordered the INSS and the Postal and Telegraph Company [ECT] to sign accords on the payment of welfare benefits through postal money orders in areas where there are no banks. Pensioners who do not have bank accounts or prefer to receive their pensions

through the ECT are also included in this measure. Pensioners and retired people will receive a slip at their homes showing how much they will receive. Post offices are authorized to receive individual contributions to the INSS.

The government authorized small and micro-enterprises to import, without restriction, raw material, machinery, and equipment required for the manufacturing their products. It also eliminated the system establishing that state-owned companies supply only small amounts of raw materials to micro and small enterprises.

According to Josef Kouri, chairman of the Sao Paulo Union of Micro and Small Enterprises, these measures will reduce, by up to 30 percent, the cost of raw materials that small and micro-enterprises are forced to purchase from middlemen when they need more than the small amounts supplied by state-owned companies. Kouri also said the deregulation documents signed today will benefit over 90 percent of Brazilian companies.

[Begin Kouri recording] About 94 percent of Brazil's industrial companies are small or micro-enterprises, which account for over 60 percent of the jobs in the industrial sector. If we include in this number the small and micro-enterprises working in the industrial, trade, and services sectors, it will reach 99.1 percent of Brazilian companies, accounting for 84 percent of the jobs. [end recording]

Kouri also mentioned the U.S. example: Companies with up to 19 employees are responsible for 53 percent of manufactured goods exports.

Minister Praises Continuation of Deregulation

PY0901020492 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 8 Jan 92

[Text] Economy Minister Marcilio Marques Moreira believes that President Fernando Collor is fulfilling one more electoral promise by signing deregulation program documents today. Minister Marques Moreira explained that Brazil expressed its support for a modernization program by electing Fernando Collor de Mello to the presidency in two rounds.

[Begin Marques Moreira recording] In this sense, to modernize means to break with obsolete patterns, disassemble ankylotic structures, interrupt the implementation of empty methods, and desecrate things that are preserved unnecessarily. This healthy destructiveness is a fundamental part of the process that releases vital forces we depend upon to resume our economic growth, which, by the explicit orders of Your Excellency, will result in more social justice. [end recording]

The economy minister believes that the deregulation program is a priority because this program is based on the need to update and modernize Brazil, thus putting it in tune with contemporary international history.

Privatization of State Company Announced

PY0801125292 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 8 Jan 92

[Summary] The National Bank for Economic and Social Development today published in the official gazette a call for offers to privatize (Petroflex), an enterprise that produces raw material for tire production. The enterprise will be auctioned on the Rio de Janeiro stock market on 8 March. Minimum price was set at 125.022 billion cruzeiros in values in force in November 1991. This price will be readjusted on the basis of the daily referential interest rate for the period preceding the sale.

* Volume of Trade With CIS Declines

92SM0182F Sao Paulo GAZETA MERCANTIL in Portuguese 10 Dec 91 p 6

[Article by Livia Ferrari: "Soviet Difficulties Affect Volume of Trade"]

[Text] Rio—The political and economic difficulties confronting the Soviet Union (USSR) [CIS—Commonwealth of Independent States] are being directly reflected in the volume of trade with Brazil. According to statistics from the Foreign Trade Department (Decex), in the first 10 months of this year Brazilian sales to the Soviet market totaled $82.2 million FOB [free on board], representing a significant drop of 55.03 percent from the figure for the same period in 1990.

In the single month of last October this decline was even more critical—down 80.3 percent from the figure for October 1990—with the export of only $480,000 in merchandise, due precisely to the Soviets' shortage of foreign exchange in hard currency to pay for their purchases. The sharpest declines in the export of the principal agricultural products that Brazil sells to the USSR were recorded in soluble coffee, with sales for the period January-October of this year totaling only $11 million compared to $35 million for the corresponding period of last year. In the same period of this year, Brazilian sales of cocoa beans declined to $9 million from the figure of $16.5 million recorded for the first 10 months of last year, and exports of crude soybean oil shrank to $1.2 million from the $14.3 million shipped during the corresponding period of last year.

In addition to these declines, exports of some products such as frozen dressed frying chickens—which in 1990 were on the list of Brazilian exports to the Soviet market—were nil in 1991.

As for Brazilian imports of goods from the USSR, the most recent government statistics cover the period only through last June. They reveal, however, the efforts being made by the Soviet market to export, as an alternative for the generation of foreign exchange. In the period January-June of this year, sales of Soviet products to Brazil totaled $40.5 million compared to $14 million recorded in the corresponding period of 1990. This increase is largely attributable to the export of transportation equipment—such as

jeeps and automobiles—which totaled $19.2 million as of the end of June and were nonexistent in the corresponding period of last year.

* Financial Woes of Arms Industry Continue

92SM0182B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Dec 91 p 5

[Article by Ricardo Balthazar]

[Text] For more than a decade the Brazilian military nourished the dream of creating in Brazil a strong arms industry that would be capable simultaneously of supplying the local armed forces and also of opening new export channels for the economy. Because it was viewed as strategically important for Brazil's national security, technological progress, and economy, the Brazilian Government presented this sector with generous incentives during recent years. The dream, however, has turned into a nightmare: the principal firms in this sector are today faced with a calamitous financial situation and are losing market share internationally.

It is not known exactly how much the government invested in this sector in recent years, because it is virtually impossible to calculate how much the arms industry profited indirectly from tax exemptions and export incentives, in addition to the direct investments by the government and loans from public banking institutions. There are indications, however, that the result was considerably less remunerative than had been advertised by the advocates of the arms industry. Professor Renato Dagnino of Campinas State University (Unicamp) maintains that this sector recorded $570 million in exports during its best year, 1987—barely one-sixth of the estimated $3 billion that the government had said was necessary to keep the military project afloat.

Military and civilian officials in the arms industry surround their activities with an aura of secrecy, and Dagnino spent eight years researching the subject at official and informal sources both here and abroad. Last year, he says, the national arms industry recorded an insignificant $21 million in exports. "Inasmuch as Brazil does not have an actual problem of defense against attack from outside its borders," Dagnino observes, "the military have attempted to justify the project by using its supposed economic and technological importance as a pretext, but the results in both areas have been insignificant."

In some cases—such as that of Specialized Engineers, Inc. (Engesa)—the results have been disastrous. In its glory days Engesa supplied armored vehicles to the Brazilian Army and Middle Eastern countries, but it has been operating under the terms of a composition with its creditors since last year and has not manufactured so much as a single screw since March 1990. It has dismissed almost all its employees and failed to pay part of their entitlements, and not even the 350 remaining employees have been able to receive their pay on time. Engesa owes $40 million to its employees and an additional $410 million to the Army, to public banking institutions, and to a total of 410 private creditors.

For almost a year the government—acting through Strategic Affairs Secretary Pedro Paulo Leoni Ramos—has been secretly negotiating for the sale of Engesa to a consortium of firms that reportedly is headed by British Aerospace and includes Brazilian contractors and the Brazilian War Materiel Industry (Imbel), an enterprise created by the Army in 1976 to start up the project for creating the arms industry. Imbel manufactures light arms and explosives, and most of its sales ($27.5 million in 1990) are made to civilian customers. Another major enterprise in the sector—Embraer [Brazilian Aeronautics Company], which has ties to the Aeronautics Ministry and is headed by former Minister of Infrastructure Ozires Silva—is also experiencing difficulties: projects that have been halted or postponed, a debt of $600 million, and the prospect of ending the year with a balance sheet that shows a loss.

There are so many problems that the firms have looked to diversification of their activities as the most viable way out of the crisis. The Association of Brazilian Defense Materiel Industries (ABIMD) is scheduled to conclude before the end of the year a study that identifies investment alternatives for the sector. "The recession has increased our problems," complains ABIMD Managing Director Raul Casanova Junior.

* Current Activities of General Piva Viewed

92SM0182D Sao Paulo GAZETA MERCANTIL in Portuguese 10 Dec 91 p 6

[Article by Carlos Lovizzaro]

[Text] Sao Jose dos Campos—Hugo de Oliveira Piva, the reserve brigadier general who was in charge of the research conducted by the Ministry of Aeronautics in the field of nuclear energy and was a participant in the Persian Gulf crisis by virtue of the fact that he had been hired by the Iraqi Government to develop a missile, is today dealing in "commodities" in foreign markets. "The first shipment of 30 tons of black peppercorns that I exported arrived this week in the United States," he told this newspaper last week.

According to Brig. Gen. Piva, this radical change in activity does not mean that he has abandoned his taste for risk. "I have always enjoyed strong emotions," he says. "I was an aviation test pilot, directed weapons research and development programs, and today am active in the speculative commodities' market."

The name of his company—Spaceplus Comercial Ltda—shows that Piva has interests beyond the "commodities" market. "In fact," he says, "we also hope to sell, in foreign markets, consulting services for the automation and modernization of factories." This was one of the objectives that took him to Iran recently and put on

guard those government sectors that administer Brazilian foreign policy and are concerned over possible unfavorable reactions by the United States.

The general believes that Iran could become a major partner of Brazil, because it needs assistance in rebuilding the country and in repairing the damage caused by the war with Iraq. He believes that because Iran is the world's largest grower of pistachio nuts, it can also be the source of profitable business deals. "I hope to set up a three-way system for exporting pistachio nuts to the United States," he says. "This system would be necessary because the United States and Iran do not have official relations. All this is still in the embryonic stage, however," he adds.

Piva entered the field of foreign trading in "commodities" and services in order to survive, and does not want his new activity to be viewed as a "facade" designed to enable him to operate in the arms market. "After the war in the Persian Gulf," the general laments, "Brazil's opportunities in the world arms market came to an end."

Because of the economic and political restrictions, Piva does not see any possibility of continuing his activities in the field of weapons development even for the domestic market. "The resources available to the military for the development and purchase of arms are limited," he declares.

The general points out that the Brazilian Government refused to continue with the air-to-air missile project that it was developing for Iraq as an alternative to the similar weapons sold to that country by the Americans (the Sidewinder) and the French (the Magic). The missile reportedly utilized basic knowledge acquired during the failed "Piranha" project, which was abandoned by the Aeronautics Ministry.

The missile was to be approximately 3.6 meters in length and 23 centimeters in diameter, weigh 230 kg, and attain a speed of 4,800 km per hour. It would have been launched from aircraft and guided by its sensors, which would pick up the infrared rays emitted by the heat given off by the burning of fuel in the engines of the enemy aircraft.

"We had already developed the suppliers of the components, and the first prototypes were to be assembled in Brazil, when the war began and paralyzed our efforts," he adds. According to Piva, the technology was brought to Brazil with the team that was released from its contract by the Iraqi Government several weeks before the war began.

The "regrettable" part of this entire story, Piva says, is the fact that there are no prospects for a resumption of public investment in weapons research and development while the present government is in power. "Three years is more than long enough to wait for political changes to make it possible to resume work in this field—a field in which technology is being developed very rapidly."

The only Brazilian missile program now under way—an antitank weapon—is being made in cooperation with the Italian company Otto Melara and Orbita Sistemas Aeroespaciais, which came under the control of the Brazilian Aeronautics Company (Embraer) after its partner in the project—Specialized Engineers, Inc.—entered into a composition with its creditors. In Piva's opinion, however, the antitank missile represents a technological challenge that is well below the capability developed by the team that worked under his guidance and was hired by the firm HOP Consultora e Representacoes.

Piva believes it is essential for Brazil to continue weapons development and also the Brazilian Complete Space Mission (MECB). "These programs," he says, "are major generators of technology and help to modernize Brazilian industry. The federal government needs to support them."

The first MECB satellite—built by the National Institute of Space Research (INPE)—has been ready for two years, waiting for the launcher that was to have been developed by the Aerospace Technology Center (CTA). Its launching will be carried out—next year—by means of a rocket the contract for which is being awarded to the Orbital Science Corporation of the United States. "Space is important," Piva declares, "because we are not in a position to set up a communications system, make weather forecasts, and prospect for natural resources solely from the ground level of our country. Something this vital cannot remain dependent on foreigners."

The 65-year-old Piva—a native of Brotas, in the interior of Sao Paulo State—is one of only four former students of the Aeronautical Technology Institute (ITA) to receive the summa cum laude (an honor awarded for having passed all subjects with a grade point average above 9.5). The former director of the Aerospace Technology Center (CTA) has only one objective in undertaking his new activities. "I hope my new business is successful and provides me with a good retirement income," he says.

[Box, p 6]

Aluminum and Black Pepper (By Carlos Lovizzaro)

Sao Jose dos Campos—Reserve Brig. Gen. Hugo de Oliveira Piva has begun to export black pepper on the basis of a survey he received from a U.S. businessman. "I sensed that the export of black pepper had potential, and I decided to study the matter more intensively and invest in the business," he explains.

The company that Piva founded—Spaceplus Comercial Ltda.—has its main office in Sao Jose dos Campos and a branch in Castanhal, Para State, that is responsible for collecting the product for export. The firm's office in Miami, U.S.A., has the task of receiving the product and distributing it to the U.S. market.

Piva reports that black pepper is quoted at around $1.88 per kg and that the consumer winds up paying the

equivalent of $7 per kg—seven times the price FOB [free on board]. "My customers," he says, "are the packers who distribute their products to the supermarkets."

According to Piva, the Spaceplus company was organized to handle up to 1,200 tons per year. "If the demand proves to be greater," he says, "I shall have to obtain more money to invest."

Piva is also experimenting with other "commodities" such as sheet aluminum. "I have already exported a small quantity to Zimbabwe," he says.

* Goldemberg's Influence in Government Growing

92SM0182A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Dec 91 p 5

[Article by Raymundo Costa and Gecy Belmonte]

[Text] Collor's admiration for Goldemberg, and Goldemberg's contacts abroad, are helping the minister expand the scope of his authority.

Brasilia—A patient and skillful apprentice in the art of politics, Minister of Education Jose Goldemberg is President Fernando Collor's "wild card" in the government: a physicist of renown in Brazil and abroad who is daily expanding his domains on the stages—and behind the scenes—of power. Goldemberg had already been elevated by Collor to the status of aide to fellow cabinet member Justice Minister Jarbas Passarinho to assist Passarinho in his contacts with Congress, and Goldemberg's influence now threatens to expand still further with the possibility that the Secretariat of Science and Technology—which he had previously headed—will be transferred to the MEC [Ministry of Education].

Goldemberg's friends are as a rule unsparing in their use of adjectives to describe this 63-year-old father of four, a native of Rio Grande do Sul whose adopted state is Sao Paulo. "He is competent and audacious and gets things done," opines Senator Fernando Henrique Cardoso (PSDB [Brazilian Social Democracy Party]-Sao Paulo), a contemporary of Goldemberg's on the faculty of Sao Paulo University. Goldemberg's adversaries depict him as a kind of political chameleon "who adapts very easily to various areas of power," to quote Deputy Alberto Goldmann (PMDB [Brazilian Democratic Movement Party]), his former colleague in the cabinet of former Sao Paulo Governor Orestes Quercia.

Nuclear energy, informatics, the environment, industrial property, and education are areas about which he is able to discourse very knowledgeably. Although he has never held elective office, this former rector of Sao Paulo University has demonstrated an ability to deal with politicians. Immediately after taking over the Ministry of Education in August, he moved to reserve space on the agenda to accommodate an average of six members of Congress per day. "We now can at least keep up with the progress of the programs in the MEC," is the laudatory comment of Eduardo Siqueira Campos of Tocantins State, PDC [Christian Democratic Party] leader in the Chamber of Deputies.

"My performance in the MEC is what it should be, and is independent of any political pressure," Goldemberg insists. After quietly dismissing Jose Luitgard, the previously all-powerful secretary general of the ministry who is from Alagoas State and a personal friend of the president, the physicist attempted to introduce his own tempo of work into his new post. "If a politician comes here to ask why a certain project is being held up, the answer is that it is being held up in the back of some desk drawer," the minister declares. "You then investigate and discover that this is due to incompetence."

Politicians who seek out the MEC with their eye on the $500 million budget of the National Educational Development Fund (FNDE) have quickly learned—although not always in a disciplined manner—of the commitment that Goldemberg made to himself: "If I promise to do something," he said, "then I must either keep that promise or say right away that it will be impossible to do so." Deputy Irani Barbosa (PL [Liberal Party]-Minas Gerais]) is an example of how one should not proceed. Upon being warned that the municipality of Ribeirao das Neves, Minas Gerais State, was not allocating to education the 25 percent that the Constitution requires, the deputy demanded more money for the municipal government, which is headed by his wife. The education minister promptly showed him the door.

Multivalence

In the course of his scientific activity Goldemberg had established important contacts abroad, and accordingly played an influential role in the government's decisions to decree the end of the market reserve for informatics products, to demilitarize the nuclear sector, and to send Congress the bill that provides for recognition of patents in the pharmaceutical industry.

In his capacity as a scientist, the minister obtained—and maintains today—access to the powerful Carla Hills, director of trade affairs in the influential U.S. State Department, and to Alan Bronley, President Bush's adviser for scientific affairs. His friendships also extend to the World Bank, which last year granted one of the few loans that were made to Brazil for science and technology.

Even though Goldemberg's ministry is that of education, he has so much to contribute that President Collor makes a point of taking him along on almost all his trips abroad. "The president invites him quite spontaneously, paying no heed to any hurt feelings," one cabinet minister says.

As an expert on the subject of the market economy, he stirred up a hornet's nest by involving himself in the question of the release of the monthly payments for private schools. In his own defense, he cited the Constitution. "The privatization of education is written there," he said. After

having been thumbed through so much, the Constitution does open naturally to the chapter on Education.

Chile

Antidrug Agreement With Peru Operational

PY0801141492 Santiago Radio Chilena Network in Spanish 1000 GMT 8 Jan 92

[Text] Alfonso Rivero Monsalve, Peruvian ambassador to Chile, has confirmed that the cooperation and coordination agreement on drug trafficking and psychotropic substances has become operational.

Edmundo Vargas, Foreign Ministry under secretary, and former Peruvian Foreign Minister Luis Marchand made this joint agreement to fight drug trafficking in border areas in November 1990.

After meeting with Chilean Foreign Minister Enrique Silva Cimma, Rivero said this agreement is considered very important because it deals with a problem that affects not only Chile but all people.

The meeting, during which bilateral relations were also discussed, was also attended by Peruvian Embassy Councillor (Martin Irigoyen), who bade farewell to Silva Cimma at the end of a five-year diplomatic mission in Chile.

Defense Council To Intervene in Letelier Case

PY0801142892 Santiago Radio Chilena Network in Spanish 1000 GMT 8 Jan 92

[Excerpt] The Supreme Court has decided that the State Defense Council has the right to participate in the legal process involving counterfeit passports and the murder of former Foreign Minister Orlando Letelier. Thus the court confirmed the resolution previously issued by Judge Adolfo Banados Cuadra.

After this decision the State Defense Council will be able to request certain procedures, be informed of the case portfolio, and appeal some resolutions.

The decision that was unanimously approved by court members was made public by council lawyer (Luis Bate).

[Begin recording] Judge Banado's resolution is quite well-founded and was confirmed by the Supreme Court. It especially clarifies the fact that the State Defense Council should intervene not only in matters affecting economic interests. It also confirms our organic law empowering the council to intervene in matters related to crimes against public morals or public health. [end recording]

(Bate) said the Letelier case also involves counterfeit public documents, and consequently the State Defense Council must adopt its measures. [passage omitted]

Court President Opposes Judicial Branch Reform

PY0801133092 Santiago Radio Chilena Network in Spanish 1000 GMT 8 Jan 92

[Text] Supreme Court President Enrique Correa Labra stated that he has never received an invitation to go to the Chamber of Deputies to voice his opinion on reform of the judicial branch.

Correa criticized this position and denied statements by congressman Aldo Cornejo, who said that Correa will not be able to attend the session for health reasons.

[Begin Correa recording] No, I cannot attend the session, but if I receive an invitation, I will go. It is not true that Mr. Cornejo invited me and I refused to go for health reasons. I am asking him to invite me, even at night, to attend the session. [end recording]

Correa said these reforms seek to impair and curtail the judicial branch's independence. He said the inclusion of people who have no professional judicial career will be a sort of political order. He reasserted that the constitutional reform to be analyzed and voted on at the Chamber of Deputies today is attempt against the judicial branch's independence.

He says his opinion is shared by all the justices, but added that if the reform is approved in Congress, they will have to accept it. Then there will never be a conflict between the executive branch and the Supreme Court in this regard. Correa said: We will obey the law even if we oppose it.

National Renewal Party Vice President Deputy Alberto Espina has termed as exaggerated, unjust, and erroneous Supreme Court President Enrique Correa's statements that the constitutional reforms passed by the Chamber of Deputies Constitutional Committee will curtail the independence of the judicial branch.

Espina said the judicial branch reform will strengthen its independence and help to correct deficiencies that blocked the system during the past few decades. He also defended the Senate's participation in appointing Supreme Court members as a counterbalance to the influence of the executive branch.

Espina noted that 12 lawyers, who had no professional judicial career, are currently Supreme Court justices, which shows that Correa's viewpoint is contradictory. He also stated that this formula is applied in various countries' judicial systems and has contributed to their modernization.

He finally said that Correa's statements are erroneous, and everything dealing with judicial branch reforms is a priori negative and objectionable to him.

Army Denies Famae Director's Dismissal

PY0801150292 Santiago Radio Chilena Network in Spanish 1000 GMT 8 Jan 92

[Text] The Army has denied that Brigadier General Guillermo Letelier was dismissed from his post as Famae [Army Ordnance] director in the wake of arms smuggling to Yugoslavia.

The Army has issued an official communique stating that Letelier was appointed to serve at the Army Staff. It also rejects rumors that the high-ranking officer was dismissed for his participation in the illegal sale of weapons.

The communique says that Letelier was transferred to the Army Staff to cooperate with the investigation designed to clarify the arms affair.

The communique concludes by saying that Letelier was transferred to the Army Staff to discharge a duty, and that he was not dismissed as erroneously reported.

Miners Disappointed After Meeting With Aylwin

PY0901022892 Santiago Radio Cooperativa Network in Spanish 2200 GMT 8 Jan 92

[Excerpts] Some coal miner leaders were disappointed with the meeting with President Patricio Aylwin. Miguel Burto, representative of Curanilahue's 3,500-member Small Miners Association, was one example. Burto said he explained to the president the critical situation in the area resulting from the lack of jobs.

[Begin Burto recording] Regrettably, we did not get an answer, except the commitment of the government—or, at least, of the president—to help us. We asked the president to visit the area, and he said he would visit around March. We are discouraged. The people believed we could find a clear solution to our problems, but we did not get any answers. [end recording] [passage omitted]

President Aylwin said the coal miners' proposals were reasonable, serious, and understandable. The president met with the coal miners' representatives for three hours. I think they understood our point of view, Aylwin said, adding that the government is determined to do everything necessary to help resolve the problems of those who were laid off. [passage omitted]

Jaime Toha, chairman of the National Energy Commission, said at La Moneda that the government will implement certain measures in the areas of health, housing, and education to help laid-off coal miners. Toha said miners' petitions on their mortgages, health care, and scholarships for their children are reasonable. [passage omitted].

Toha said the government will not increase duties levied on Colombian coal, adding that it is government policy to reduce duties. [passage omitted]

Chuquicamata Union Involved in Financial Scandal

PY0701113492 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 6 Jan 92

[Excerpt] The financial scandal affecting Chuquicamata's Union Number Two remains in the news. The Antofagasta Appeals Court has confirmed indictments against the arrested union leaders, and workers held a meeting to vote whether the union leaders will continue to hold their positions.

New evidence has been released. The main culprit is said to be Union President (Luis Julio), who is at large. It is understood, however, that he will surrender to the court in the next few hours.

It is known that the union leadership tried to buy shares in a bank in Paraguay through contacts with a Latin American representative of the Bank of Commerce and Credit International, BCCI. This bank was involved in a financial scandal that shook the entire world last year.

One of the most clear violations was the use of union funds to make profit, which was prohibited by laws in effect at the time of the transactions. [passage omitted]

* Institute Criticizes Aylwin's Economic Policy

92SM0179B Santiago LA NACION in Spanish 5 Dec 91 p 17

[Report by Carlos Alvarez]

[Text] Santiago—"We always said that inflation was going to be kept at this level, just like unemployment," Cristian Larroulet, the former chief of staff [jefe de gabinete] of the Finance Ministry and today executive director of the Freedom and Development Institute, asserted yesterday, referring to the low CPI [consumer price index] for November and the decline in the unemployment rate over the past quarter.

"In fact, it is very likely that the annual inflation rate will not exceed 18 percent, as the official forecasts had stated," Larroulet said when questioned about this.

He specified that "nonetheless, inflation is not totally under control, because just as we have had low CPI numbers, we have also had high ones, which shows a lack of stability in this regard."

He added that "certain government actions relating to fiscal policy, higher spending, and other variables will make it very difficult to hit a target below 18 percent next year, and we feel that it ought to be 10 or 15 percent at the most."

The economist indicated that the drop in unemployment over the past quarter "is good news," but he added that the current numbers "remain higher than in 1990 and 1991, a gap of between one-half and one point respectively."

"Unfortunately, moreover, the economy's tendency to generate much less capacity to absorb manpower than last year persists," he said.

"We can see that the policies that are being adopted are worsening, not improving the situation," he added.

Fiscal Policy

Larroulet and the former budget director of the previous government, Pablo Ihnen, voiced a series of criticisms of 1992 fiscal policy.

They indicated that "in spite of what Minister Foxley said in describing the State of Public Finances to Congress, total spending, excluding interest, would, under the bill, exceed what Congress had originally approved for 1991 by 11 percent. Current expenditures would be up 11.2 percent in real terms, and capital spending by 9.4 percent in real terms."

"The above far exceeds the growth anticipated in output," the two economists emphasized, asserting that this "is a far cry from addressing the exchange-rate problem and will very likely lead to the further growth of the State to the detriment of the private sector."

When asked whether this means that social or military spending should be cut, the two professionals indicated that "this should not necessarily hurt social spending, where in any event there can be progress towards a narrower focus."

As for military expenditures and the assertions by the executive director of the IMF, Michel Camdessus, that such spending ought to be trimmed, Larroulet said that "Defense is already making a contribution, since its outlays are practically not up at all from last year."

It was emphasized to him that although defense spending may not be up from 1991 (the cumulative CPI was applied to it), it remains among the highest in Latin America. They indicated that "first let us concern ourselves with government spending as a whole and then we can see how the various sectors can contribute to further savings."

They indicated that if the growth in spending that has been observed continues, "serious macroeconomic imbalances will be generated."

* Report Notes Social Emphasis of 1992 Budget

91SM0179A Santiago LA NACION in Spanish
11 Dec 91 p 18

[Report by Rene Aguilar]

[Text] Santiago—Law 19,103 appears today in the Official Gazette. It approved the revenues and expenditures in the public sector budget for 1992, which total a net 3,175,498,000,000 in domestic currency, or $1,133,000,000. The various budget items reveal a distinct emphasis on the social ministries, especially Labor, Education, Housing and Health, whose appropriations together approach 1.3 trillion pesos.

The ministry receiving the most government funding is Labor and Social Security, with 740.134 billion pesos, which will cover the public sector's social-security outlays and other social benefits.

It is followed by the Education Ministry with 325.523 billion pesos. Its funding is earmarked to improve the basic schools in the countryside, to boost teachers' salaries, to increase the subsidies for private schooling, and to purchase schoolbooks and materials. All of this is designed to enhance the quality and equity of education.

In third place is the Health Ministry, which is looking at a budget of 128.461 billion pesos. This ministry's program calls for the construction of several hospitals and clinics, repairs, higher salaries for the lowest-level personnel, and the purchase of medicines and equipment to enhance health care.

Another ministry with a higher budget is Housing, which will have 97.525 billion pesos. This will enable it to build more low-cost housing in 1992 than this year and to implement a plan to pave and renovate urban neighborhoods.

The amount allocated to the Ministry of Public Works is also noteworthy: 45 billion pesos for labor-intensive programs of road systems and bridge construction.

For its part, the Ministry of Planning and Cooperation will have 7.802 billion pesos available for its efforts to help the country's neediest sectors.

The expenditures of the National Defense Ministry total 262.985 billion pesos. Total government spending, including the Public Treasury's special programs, complementary operations, and subsidies, stands at 2,372,573,000,000 pesos.

The net servicing of the public debt amounts to 691.75 billion pesos.

Revenues

Most of the revenues in the 1992 budget will come from taxes on businesses and individuals, 2,286,817,000,000 pesos.

* Official Explains Latest Employment Statistics

* Unemployment Decreases

92SM0177A Santiago LA NACION in Spanish
4 Dec 91 p 16

[Text] The national unemployment rate fell from 7.5 to 7.0 percent during the three-month period from August to October of 1991, compared to the immediately preceding three months. This was stated on 3 December by the INE [National Statistics Institute].

Neverless, this level is still higher than that for the period between August and October of 1990, which recorded an unemployment rate of 6.5 percent.

In the present 7.0 percent rate of unemployment 6.2 percent covers people out of work as such, while 0.8 percent includes people seeking work for the first time who have not found a job. The latter figure especially covers women and young people, as brought out in the figures released by the INE.

The number of employed persons was stated to be 4,423,600, which means an increase of 1.7 percent, compared to the period between August and October 1990. That is, job openings increased by 73,300.

Eduardo Carrasco, chief of labor statistics of the INE, emphasized that there is still an "imbalance" between the rate of growth of the labor force (2.3 percent) and the rate of increase in employment (1.7 percent).

Carrasco rejected the projection of 8 percent unemployment in 1992, which was made by the Sofofa [Industrial Development Association]. He said that such a figure was contradicted by economic growth projections greater than those for 1991 which were made by Sofofa.

The sectors which are leading in the employment area are electricity, gas and water, construction, financial services, transportation and communications, manufacturing industry, agriculture, and communal social services.

In mining and commerce job creation is declining, despite the fact that the indices of activity in both sectors are positive.

Those most affected by unemployment are women and young people between 15 and 24 years of age. The latter recorded an unemployment rate of 16.2 percent during the three-month period between August and October 1991, whereas during the same months of 1990 the figure was 14.5 percent.

Income

In October 1991 salaries fell by 0.4 percent, compared to September 1991. So far in 1991 salaries have fallen by 0.8 percent. Nevertheless, this result was strongly influenced by the high IPC [Consumer Price Index] in October, since changes in pay and salaries during the past 12 months reflect an overall increase of 6.5 percent, without taking into account the increase in the IPC.

* Regional Trends Noted

92SM0177B Santiago LA NACION in Spanish 5 Dec 91 p 17

[Text] Regional unemployment declined in three regions of the country while it increased in eight and was stationary in one, comparing the three months of August through October with the same months of 1990.

According to official information provided by the National Statistics Institute (INE), the regions where unemployment was reduced were the First, whose unemployment rate declined from 5.6 to 5.0 percent; the Sixth, from 6.3 to 4.4 percent; and the Tenth, from 4.0 to 3.9 percent. The Tenth Region recorded the lowest level of unemployment in the country.

The regions where unemployment increased were the Second, where it rose from 6.0 to 6.3 percent; the Third, from 7.1 to 9.7 percent, showing the highest level of unemployment in the country; and the Fifth, where unemployment rose slightly from 8.5 to 8.7 percent.

To these were added the Seventh Region, which also had a slight increase in unemployment, rising from 9.2 to 9.3 percent; the Eighth, where unemployment went up by one percentage point from 6.1 to 7.1 percent; the Ninth, where unemployment also went up by one point, from 3.5 to 4.5 percent; the Tenth, where unemployment rose from 4.2 to 4.9 percent; and the Twelfth, where unemployment rose from 4.4 to 5.8 percent.

The only region where unemployment was unchanged was the Fourth, where it was 5.8 percent.

Despite this increase, the regional unemployment figures were moderate, considering that in the May to July 1991 period unemployment reached a level of 11.3 percent in the Seventh Region. During the period from July to September 1991 the Third Region recorded an unemployment rate of 10.3 percent.

* Official on Antidrug Legislation, Trafficking

92SM0180B Santiago EL MERCURIO in Spanish 7 Dec 91 p C7

[Text] The study of the new bill on narcotics consumption and trafficking is practically complete. The bill will soon be sent to the president of the republic for his consideration, and then on to the National Congress.

This was reported yesterday by Undersecretary of the Interior Belisario Velasco at the end of the monthly meeting of the National Drug Control Council, which was held at La Moneda.

Velasco explained that the new legal initiative contains new definitions of crimes not included in the current Law 18,403, such as money laundering, and deals with some aspects of illicit trafficking, precursors and other materials, and the seizure and use of assets.

He stated that the new legislation was drafted on the basis of the study of other countries' legal standards and observations that have been made at international meetings sponsored by the OAS and the United Nations.

He recalled that last year, for the first time in this country, a national survey was conducted on this issue, and it revealed disturbing results.

"Drug trafficking is a crime that has been committed in the country for many years, with an increase beginning in 1981-1982. We believe that we are in time to take very

vigorous action against drug traffickers, who are a threat to our youths and to the general public," declared the undersecretary of the interior.

He emphasized that until now, money laundering has not been defined as a crime in the Chilean legal system, but the new bill being studied will explicitly designate it as a crime subject to drastic penalties.

* Report Assesses Socialist Factions, Objectives

92SM0180C Santiago HOY in Spanish
25 Nov 91 pp 8-11

[Article by Lucy Davila]

[Text] A different Socialist Party (PS), no doubt about it. After nearly two years of sticking together, just like the old days, the Socialists have carved an important niche for themselves in national politics and have revived an old tradition: factionalism.

These are not the same factions that existed in December of last year, when the first congress of the unified PS was held.

Today four currents can be distinguished within Socialism (see page 11). Only one of them, that of Deputy Camilo Escalona, has a tighter structure, a public political platform (identified as "the new left"), leaders, and spokesmen. The others operate more silently and prefer to fade into groups with a bigger majority, depending on the circumstances.

The Escalonists, "the leftists of the PS," have recently attracted regional representatives into the fold, as well as former members of the Christian Left (IC) and the Movement of the Revolutionary Left (MIR). It is said that more than 45 percent of the leaders on the Central Committee are in this faction now. In other words, compared to the other three groups, it has the majority. If, on the other hand, these three factions were to join together, they would have more votes. An attempt to do that was made more than a month ago, when the "new majority" of the PS was convened at the Hotel Tupahue. The followers of Senator Ricardo Nunez and of outgoing PS President Jorge Arrate (who did not show up himself), and the "Tercerists" [proponents of the third way] attended the meeting, but it failed to achieve its objective.

The Tercerists say that they are inactive as an internal faction, and contend that a month ago, at a meeting with people from all over the country, they decided to reject the consolidation of internal currents. They believe it is harmful to the party, and have pledged their support for Nunez without difficulty. They are more likely to speak in terms of the PS as an institution; they advocate that all leaders, no matter where they come from, should be supported in their efforts so that the PS will progress. Following the official party line, they maintain that the PS has completed its own "transition," and that it should "de-encapsulate" itself as well, which means that it needs to be more efficient. This is only possible, they insist, if everyone works together.

The Arratists are also opting out of any alliances, stating that they fear the PS will become polarized and stagnant, which would prevent it from ever winning office. This current argues that in the medium term, all factions of the PS should form a united front. They oppose the exclusion of the Escalonists, which they believe is the aim of the hardliners within the Nunez faction (not including Nunez himself).

The Arratists say that it is better "to sit down with the Escalonists at the table" instead of forcing them to retrench. Anyway, they say, the fundamental political themes that will prevail in the PS will not be those of the Escalonists, which are nonviable and ill-defined as yet. They note, however, that this sector has made important contributions to the PS.

It is obvious that Nunez cannot lead the PS relying exclusively on the support of his own faction, which has been identified as "more right-leaning" and closely tied to the Party for Democracy (PPD). For this reason, for the last few months he has been trying to forge a tacit governability pact, and it is the Escalonists who have given him the hardest time. But the meeting of Nunez, Escalona, and Marcelo Schilling on Tuesday the 12th in Valparaiso cleared things up considerably. There they spoke of an "integrated" internal government, that is, one in which the Escalonists would not only have access to the executive bodies, but would also exercise real power and influence. "They could actually push the buttons, not just watch others push them," is how Escalona himself described it.

Government and PPD

After these disquisitions behind closed doors, two major issues still divide the Socialists: relations with the government and the policy of alliances. These two issues will shape the long-term programs that Nunez must put together.

The Escalonists say that the PS has been too docile with the government and has failed to exercise the right to make "constructive criticism" that they would like to have, especially with regard to the execution of the program. The social debt, human rights, and participation are the major shortfalls, in their view. They therefore expect the PS to take a more critical tone, similar to that which Nunez himself effected at the "bunker meeting" on 21 October, between the executive branch and the parties of the Coalition [Concertacion].

The other sectors, each with its own spin, adhere to the idea of "loyalty" and unconditional support for the government.

Deeper down, there are ideological differences among the factions.

The Escalonists want to forge a PS platform that, within the Coalition, is clearly to the left; in other words, a platform "that represents the popular sectors, the poor." This implies "shifting" from the center to the left rather than settling in the progressive center, which is what the

Nunez wing advocates, supported with certain qualifications by the Tercerists and the Arratists.

The PS alliance with the Christian Democrats (DC) is something that is questioned in private. According to members of the Escalonist factions, they do not want to abandon the Coalition because they think it would be unproductive to be in the opposition. They have been most critical of the Communist Party (PC) for doing that.

But they maintain that they do not like the idea of the PS continuing to "show proof of good conduct," as it has done so far, in their view. They claim that what the Socialists should do is portray themselves as an alternative to the government, within the current alliance but representing the left.

The Nunez faction, on the other hand, wants to compete with the DC within a coalition, but carving out a niche in the political center. The popular nature of the PS is hardly ever mentioned in this sector. They think that winning office means entering into an open competition with the DC, and it is on this point that there is agreement among the Escalonists, the Nunez group, and the PPD: Ricardo Lagos. The common denominator of these sectors is that it should be the Socialist alternative in 1993.

The Tercerists and the Arratists (who officially admit that Lagos will be a candidate) see matters differently. They believe that to become the ruling party in the future, the PS must consolidate and put forth a proposal. The worst thing would be to polarize the membership, they say.

The Escalonists and Lagos supporters accuse these factions of being unwilling to compete with the DC in the medium term, and of conceding already that the DC will get to choose the Coalition's presidential candidate. To be sure, this would be in exchange for giving the PS greater influence and power than it has in the current government. They say that Lagos fears an alliance of the Nunez followers, the Tercerists, and the Arratists, because this could put him out of play even before the contest begins.

Thus interwoven, all the factions claim unconditional support for Nunez. But they put up obstacles. The Arratists contend it is imperative that Nunez run the party the way Arrate did, in the sense that he put himself above the factions and exercised leadership for the entire PS, not just for "his friends." The obstacle erected by the Escalonists is that "some subtle distinctions" must be made in the position with respect to the government. Otherwise, this faction, while not "making waves" against Nunez's leadership, will distance itself from him before the rank and file and will take its own stand.

Their calculation is that they will win the next internal elections in the PS, at the congress to be held at the end of 1992.

Contrary to what is commonly assumed, the one area of almost unanimous agreement within the PS is relations with the PPD, the proposal to seek convergence and eventually to merge with it.

Who Is Who in the PS

Nunez Faction

This is regarded as the "most right-leaning wing of the PS." It was founded in 1979 when it separated from the Almeyda group, under the reformist themes of Altamirano. Some of its most prominent representatives are:

Ricardo Nunez: Senator, current president of the PS.
Jose Antonio Viera-Gallo: President of the Chamber of Deputies.
Marcelo Schilling: Current member of the Citizen Security Coordinating Council, regarded as a "Shi'ite" of this sector.
Hernan Vodanovic: Senator, representative of the most "right-leaning" current of this faction.
Manuel Antonio Garreton: Considered an "ideologue," he is a political scientist by profession. A former member of the United Popular Action Movement (MAPU).
Hector Olivares: Deputy.
Carlos Montes: Deputy, former member of the MAPU, now a member of the parliamentary subgroup known as "the salmon," which represents a line of support for Nunez's leadership.
Adriana Munoz: Deputy, one of "the salmon," vice president of the PPD.
Jaime Gazmuri: Senator, former member of the MAPU, one of the leaders of this faction.
Alvaro Briones: Identified with the PS-PPD fringe, belongs to the most "right-leaning" wing of the Nunez faction.

Arratists

This group shares its roots with the Nunez group, but it is identified with positions that are less restrictive [cerradas] with respect to the "left wing" of the party. Some of them are:

Jorge Arrate: Former president of the PS and one of the driving forces of the party's revival from exile.
Jaime Estevez: Deputy, one of the "political operators" of this faction.
Gonzalo Martner: Undersecretary of regional and administrative development, regarded as one of Arrate's closest associates, although not historically a Socialist; came from the MIR.
Lincoyan Zepeda: Works at the Institute for the New Chile, and is one of the "Arrate men."
Armando Arancibia: Deputy, also one of the "political operators" of the Arratists.
Carlos Ominami: Linked to the Arratists, but less fully involved, since he is one of the most difficult leaders to classify. Has a team that rallies around him, also not a historic Socialist; came from the MIR.
Luis Alvarado: Minister of national assets, was a leader of the Nunez PS, the Arrate PS, and now a member of the Central Committee.
Oscar Guillermo Garreton: Director general of the Metro, formerly a member of the MAPU.

Tercerists

This faction comes entirely from the Almeyda PS, where it was already a distinct entity. It has a reputation as the creator of the PS's external political agreements (primarily with the DC), as well as accords within the party, especially at electoral events. This group has little contact with the party rank and file, but it has great influence among the leadership.

German Correa: Minister of transportation, played a major role in the 1990 congress, considered the "ready-made head" [cabeza de serie] of the Tercerists.
Jaime Perez de Arce: Adviser to the Office of the Minister Secretary General of the Presidency and leader of the former Almeyda PS, now vice president.
Ricardo Solari: Undersecretary at the Office of the Secretary General of the Presidency, also one of the "operators" of the Tercerists.
Luciano Valle: Governor of Valparaiso, worked on drafting the Coalition's platform. **Jaime Andrade:** governor of Los Andes, former leader of the Student Federation of Chile (FECh).
Osvaldo Puccio: Director of the Advance Center, member of the PS Political Commission.
Nicanor Araya: Deputy, former union leader.

Escalonists

This is the most leftist sector; it has gained strength from the incorporation of the Christian Left (IC), especially Luis Maira. It has a major influence on the rank and file. It became very prominent this year, although by the congress of 1990 it was already a strong vote-getter.

Camilo Escalona: Deputy, leader of this group.
Manuel Almeyda: From the most hardline Socialist sectors, current general secretary of the PS, acknowledged to have abandoned his intransigence.
Clodomiro Almeyda: Ambassador to the USSR, removed from internal struggles but still considered a leader.
Denise Pascal: Member of the executive body of the PS municipal campaign.
Rolando Calderon: Senator, considered more hardline than Escalona and less inclined to enter into internal agreements.
Juan Martinez: Deputy, one of the spokesmen and negotiators for this faction.
Luis Guzman: Vice president of the PS and a union leader.
Francisco Rivas: Ambassador to Canada, also an important operator, will reportedly return to run for the presidency of the PS in 1992.
Adonis Sepulveda: One of the historic figures in the PS, also one of the strongest hardliners.
Mario Palestro: Deputy, somewhat distant from the internal factions because of his critical stance.

The Blue Helmets

This is not exactly a faction of the PS, since it was formed to put forward a "centrist" slate for the 1990 congress. It includes members from all factions, and they do not at present consider themselves a group.

Note: The leaders or ideologues of the PPD have not been included in this PS classification, although they belong to both entities. We have chosen a small number of individuals who are considered representative of each faction, including members of Congress, government officials, and some other members of the PS Central Committee.

* Report Notes Congress's 'Structural Defects'

92SM0179C Santiago HOY in Spanish 25 Nov 91 p 15

[Text]

Six Structural Shortcomings and the Executive Branch

Although specialists are cautious about evaluating the performance of the National Congress, they admit that there are areas that require reform:

- The excessive predominance of the Executive Branch over the Legislative Branch in drafting bills and assigning them priority. Articles 42 to 63 of Section V of the Political Constitution of 1980 describe this imbalance well. Oscar Godoy wrote in August in APSI that "a legislature that merely rubber-stamps the decisions made in the secrecy of the presidential palace could drag the entire political system into a crisis."
- Representation distorted by the voting and vote-count law, under a system whereby the number of legislators is not proportional to the number of inhabitants, and with a strange two-party model [binominalidad] whose purpose, in the judgment of specialist Humberto Nogueira, is (based on the outcome of the 1988 plebiscite) "to strengthen the number two political force to the maximum, to reduce the representation of the number one force, and to harm all the rest." To this we must add the presence of the nine appointed senators.
- The lack of a legislative advisory body. The Brazilian legislature has four systems of advisory bodies with a data bank. The U.S. Congress has institutional advisory assistance from the Research Service, the Office of Technology Assessment, the Budget Office, and the Comptroller's Office. In Italy there is a "computer network" with a data base divided into three levels. Any of these systems has a more institutional model of congressional advisory services than Chile's.
- The legislature's geographic distance from society's other powers (official and de facto).
- The seeming contradiction between a bicameral system and quick decision-making. Luis Maira wonders whether "the existence of two chambers is compatible with the rapid pace of the 21st century."
- The distinction between regular and special sessions, which further limits the legislature's initiative. In our legislature this is an archaic custom, left over from the times when the legislators were a group of farmers who alternated public service with their duties on the farm.

Although before Aylwin was elected president he was a critic of the insufficient powers that the 1980 Constitution granted to the legislature (he agreed with the Group of Constitutional Studies and the 24), the exercise of

power has gradually changed the emphasis of his initial diagnosis. In a transition period a weak legislature obviously suits the Executive Branch, enabling it to moderate and phase in political change in tune with the armed forces, the economic model, and social demands.

As part of the constitutional reform that has been announced for next year the Executive Branch will likely take pains to correct the legislature's lack of representation by increasing the number of senators (to around 50) and deputies (to around 150), thus at least reinstating the numbers that were traditional up to 1973.

A minimum number of powers will likely be returned to the legislature towards the end of the term; they are not comparable, however, with the ones set forth in the Constitution of 1925 nor with the idea of shifting to a semiparliamentary system.

These new powers would come with modifications to the Constitutional Court, the Security Council, the Judiciary, and the System of Procedures for Drafting Laws. With regard to the latter, the president has acknowledged in private that he would be willing to expand the scope of the legislature's initiative and to share decision-making as to priorities with it.

* Supreme Court Agrees to Retirement Incentives

92SM0179D Santiago EL MERCURIO in Spanish
1 Dec 91 p C6

[Text] The plenary session of the Supreme Court has issued an opinion in favor of the administration's bill that calls for giving almost 20 million pesos each in compensation to the current high court justices who retire at age 70.

The decision was conveyed in an official, one and a half page (legal size) letter to the chairman of the Senate's Constitution, Legislation, and Justice Committee.

The Supreme Court makes two suggestions in its letter. It also contains a note from the court's chief justice, Enrique Correa Labra.

The document asserts that the plenary session of the high court, "apprised of the matter under consideration, has resolved to rule in favor of the aforementioned bill. The bill is based on a principle of justice for those who, having completed their extensive and self-sacrificing career, are availing themselves of a well deserved rest. Therefore, we feel that it is our duty to suggest that the benefit be established for any member of this court, without restrictions as to age or time of service when retirement is opted for by fulfilling the requirements for it."

"In addition, the court is of the opinion that the benefit should also be extended to the Supreme Court's prosecutor, who is at the same level in the Judicial Roster as the justices of this court.

"It is noted that the chief justice, Mr. Correa, wished to report as follows: 'The Supreme Court took cognizance of the bill referred to in presidential message No. 208-323 of 19 November 1991, regarding compensation for the current justices of the court, and resolved to tell him that it has no legal objections to the bill.'"

Attending the plenary session were justices Enrique Correa Labra, chief justice; Emilio Ulloa, Marcos Aburto, Servando Jordan, Enrique Zurita, Roberto Davila, Lionel Beraud, Arnaldo Toro, Efren Araya, Marco Aurelio Perales, German Valenzuela, and Mario Garrido.

* Agreement on Technical Assistance Signed

92SM0180A Santiago LA NACION in Spanish
12 Dec 91 p 16

[Text] Chile will provide technical assistance in the economic and social spheres to various countries in Latin America, the Third World in general, and eventually in Eastern Europe, under an accord signed with the UN Development Program (UNDP).

This was announced yesterday by Minister of Planning and Cooperation Sergio Molina, who gave a joint press conference with the director of the UNDP in Chile, Luis Thais; the director general of international economic relations at the Foreign Ministry, Eduardo Moyano; and the executive director of the International Cooperation Agency (AGCI), Rodrigo Egana.

Molina indicated that at least 11 Latin American countries have submitted applications for Chilean consultation on matters such as export development, technological research, social programs, management of resources received through international cooperation, evaluation of public investment projects, national budget management, and other areas.

Rodrigo Egana pointed out that in the social sphere, there is a great deal of interest in focused systems, such as those applied to housing, health, and education, as well as the experience of the Solidarity and Social Investment Fund (FOSIS).

Molina stressed that the Chilean private sector also has a key role to play in this agreement, as it has much to teach other countries in the development of productive sectors such as forestry, fruit and vegetable production, and fishing.

Chile has already entered into agreements for a number of assistance projects with Brazil, Venezuela, Colombia, and other countries of Central America and the Caribbean.

The UNDP representative, Luis Thais, indicated that this pact amounted to a recognition of the Chilean Government and private sector for the type of development applied in our country.

Colombia

Security Forces Provide 1991 Crime Statistics

Drugs, Weapons Seizures

PA0401225292 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 26 Dec 91 p 11

[Text] During 1991, the National Police, the DAS [Administrative Department of Security], and the Armed Forces arrested 1,450 drug traffickers, including 26 foreigners. They confiscated more than 62.5 tons of pure cocaine that was ready to be shipped to black markets in the United States and Europe.

During that period, public order and DAS forces confiscated 11 tons and 316 kilos of cocaine base paste, a ton of bazuco, and 152 tons of dried coca leaves.

In the last 12 months, the Armed Forces seized and incinerated 376 tons of marijuana, which were also ready to be sent to the black markets in the United States and Europe.

According to official information, the authorities destroyed 424 coca crops, six marijuana fields containing more than 8,000 plants, and 1,361 poppy crops. More than 7,000 poppy plants are planted in a hectare of land.

General Rosso Jose Serrano Cadena, the director of the Colombian Narcotics Police, revealed to EL NUEVO SIGLO that heroin is already being produced in Colombia.

In this "all-out war" against drug trafficking, the authorities have confiscated 308 short- and long-range weapons, 112 vehicles, 42 boats, and 25 planes.

The public order forces also seized 17,867 bullets of different calibers, 92 fragmentation grenades, and 233 kilos of dynamite. They destroyed 290 coca-processing laboratories and confiscated 53 electric generators.

Furthermore, government forces destroyed 86 clandestine airstrips used by several criminal organizations to ship cocaine, marijuana, and other hallucinogenic drugs to the black markets in the United States and Europe.

During that period, the houses of 97 alleged drug traffickers were searched and $383,972 and 114,045,450 million pesos were confiscated.

Violence Statistics

PA0501010792 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 26 Dec 91 p 11

[Article by Luis Eduardo Carrillo Galvis]

[Text] Violence, the social scourge that has shaken Colombia, claimed the lives of 3,868 citizens, including soldiers, policemen, peasants, and guerrillas in 1991.

The state security agencies revealed that 1,875 peasants died at the hands of the guerrillas and criminal paramilitary groups throughout the country.

They reported that the pro-Indian Quintin Lame group, when it was outside the law, killed two peasants; the ELN [National Liberation Army], 176; the dissident branch of the Popular Liberation Army [EPL], five; the Revolutionary Armed Forces of Colombia [FARC], 143; drug traffickers, 59; other unidentified rebel organizations, three; and criminal paramilitary groups and other organized crime groups, 1,487. Official figures show that 729 soldiers, including officers, noncommissioned officers, and soldiers died in clashes with the leftist guerrillas.

The statistics indicate that 214 soldiers died in actions against the ELN, one against the dissident branch of the EPL, 303 against the FARC, five against drug traffickers, and 294 against the National Guerrilla Coordinating Board [CNG] and other unidentified criminal groups.

Also, 874 men in uniform were injured in 1991. In some cases, officers, noncommissioned officers, and soldiers sustained permanent injuries.

The figures show that 214 men in uniform were injured in clashes against the ELN, one against the dissident branch of the EPL, 468 against the FARC, two against drug traffickers, and 189 against the CNG and other unidentified criminal organizations.

In the same period the guerrillas launched 163 attacks on military installations and patrols and were involved in 435 armed clashes. There were 244 attacks in urban areas against the public force and 69 ambushes.

Also, rebel columns killed 225 members of the National Police in 1991.

The Armed Forces captured six members of the Quintin Lame group, 285 of the Camilist Union-ELN, one of EPL, 59 of the dissident branch of the EPL, six of the 19-April Movement, 204 of the FARC, nine of the CNG, 480 drug traffickers, and 1,405 members of paramilitary and organized crime groups and guerrillas who refused to identify their organization.

The state security agencies also reported that the ELN guerrillas launched 234 terrorist actions in 1991, the dissident branch of the EPL, two; the FARC, 277; drug traffickers, one; and paramilitary and organized crime groups and the CNG, 313.

Thirty towns were attacked in the past year. The ELN carried out seven incursions and the FARC 23.

* Impact of Economic Policies on GDP Analyzed

92SM0181A Santa Fe de Bogota EL ESPECTADOR in Spanish 8 Dec 91 p 4B

[Article by Miguel Fadul: "Pyrrhic Victory"]

[Text] "Pyrrhic Victory": a victory won after having suffered excessive losses. Pyrrhus II, king of Epirus, once said: "Another victory like this one, and I am lost."

High officials of the government are content and satisfied because they have succeeded in slightly reducing the rate of the tendency toward inflation by a few points. This does not mean that inflation has been controlled but rather that its rate of growth, as of the end of 1991, is a little below that of 1990. This is what is called a "Pyrrhic victory." It has been achieved after great sacrifices, especially by a reduction in production and a noticeable increase in unemployment.

We should ask ourselves: what is it in the economy which measures the success or failure of a policy? Simply put, more or less income for the people living in a country. That is, an increase or decrease in the aggregate value of production. In the case which concerns us we could call it a victory if, despite continuing inflation, an appreciable increase in Gross Domestic Product [GDP] or production has been achieved. However, if inflation continues at a slightly lower level and production declines, that cannot be called a victory but rather a painful defeat. It is at least regrettable that the government of President Gaviria, which is good in many things, has been overshadowed by a series of unwise measures, practically all of them in the economic sector. If the government does not succeed in correcting them, it will be remembered only for the difficult situation through which we have lived during its period in office.

Now let us see what will be the probable result in terms of income or production in 1991. Economists consider that three basic areas of economic activity account for 47 percent of total production in Colombia and constitute the support of the economy. They include the following: (1) agriculture, livestock raising, hunting, forest management, and fishing; (2) mining; and (3) manufacturing industry.

Taken together, they reflect what almost necessarily will be the total Gross Domestic Product. The other branches of production include: commerce, restaurants, electricity, natural gas, hotels, transportation, warehousing, communications, financial services, insurance, real estate, and all other kinds of services, which move almost in parallel to the three basic economic sectors referred to above. Some of them, such as the building industry and production for export, show a certain amount of independence. However, the aggregate value of these economic activities is recorded like that of any other sector at the time of production.

Agriculture, livestock raising, forest management, hunting, and fishing contribute about 21.6 percent of the total GDP of Colombia, which is a high proportion. Initially, it was reported that during the second half of 1991, as measured by requests for loans and crop sowing intentions, the planted area would be reduced by about 100,000 hectares for various products and especially for rice, sorghum, soybeans, and cotton. Cotton growing is suffering from the loss of the harvest along the coast, plus a decline in its price on the international market from $0.70 to $0.54 per pound, or a 22 percent reduction in a very short period of time. The reduction in the area planted to grain crops amounts to 14 percent of production. There are also declines in the production of bananas, yucca, and beans, even though calculations by the Ministry of Agriculture place production well above total Colombian consumption, calculated on the basis of what has been reported in the course of research on the cost of living. The price of potatoes has fallen by 15 percent during 1991, even though there has been an increase in production. Poultry raisers have reported an increase in production of eight percent, and milk producers report a slightly larger volume of dairy products.

On an overall basis all of the agricultural experts calculate at least a three percent decline in the aggregate value of the output of the agricultural sector. It is estimated that opening up the market or indiscriminate imports of wheat and animal feed will soon bring an end to the harvesting of these crops, due to the subsidies which the great powers give their farmers. The cattle-raising industry is seriously affected by the public-order situation and the lack of credit. Pacific Ocean fisheries are affected by cholera. It is possible that raising shrimp in the Atlantic Ocean will show progress, even though to a small extent, due to the decrease recently recorded due to pollution, which affects productivity.

Manufacturing industry, which contributes 20.9 percent of GDP, has recorded a real decline of 4.56 percent in the value of its production during the first seven months of 1991, according to DANE [National Administrative Department of Statistics]. The real income of manufacturing industry workers recorded a decline of 2.61 percent. This confirms the lower demand for workers. These figures appear a little low, compared with the surveys on real production carried out by ANDI [National Association of Industrialists], which show that the supply of all goods has gone down by more than 10 percent in 1991. According to DANE, the figures showing this decline are principally the following: transportation equipment and materials, down by 20.38 percent; metal products, down by 13.54 percent; machinery and electrical apparatus, down by 11.45 percent; wood furniture, down by 9.75 percent; petroleum products and coal, down by 7.36 percent; food, down by 6.29 percent. The industries which have shown small increases in production include: tobacco (for the export of tobacco and cigarettes); pottery, crockery, and porcelain products; paper and paper products; rubber products; articles of clothing; and leather products. Companies showing increased production are all in the light industrial sector.

The mining sector, which contributes 4.5 percent of total GDP, has reflected increases during the first few months of 1991 in the gold, nickel, and coal branches. Nevertheless, coal has been affected by the rate of exchange since the revaluation of the Colombian peso. The production of petroleum, which contributes the most in the mining sector to the income of Colombian citizens, showed an

appreciable decline of 11.7 per cent, due principally to attacks against oil pipelines.

Other indices which suggest a decline in the GDP and national income of Colombia include a two percent drop in retail sales and the increase in unemployment. The decline is also reflected in smaller investment in new companies and the postponement of new production. According to all calculations, it is very probable that the growth in GDP will be less than one percent. That means a per capita decrease in GDP.

As a conclusion and a corollary of the above, we should ask ourselves honestly whether it is worth having a higher level of unemployment, an unavoidable reduction in income because new taxes transfer income to the government, and the difficulties facing those people who continue to produce, simply to achieve a small reduction in the inflationary tendency. Is economic policy badly directed? Is there not a better way, which would punish the Colombian people to a lesser extent, socially and economically? Is all of this worth while? Stated simply, the economic policy of the past 16 months has not been successful.

Peru

Blacker Discusses Upcoming Trip to Ecuador

PA0901014092 Lima Radio Programas del Peru Network in Spanish 1400 GMT 4 Jan 92

[Interview with Foreign Relations Minister Augusto Blacker Miller on the "Saturday Focus" program by moderator Denis Vargas Marin; former program host Cesar Arias; and Dr. Alejandro Destua, chief researcher at the Peruvian Center of International Studies, in Lima; date not given—live or recorded]

[Excerpts] [Vargas] Mr. Foreign Minister, what proposals will President Fujimori take to Ecuador? In other words, we imagine that the Peruvian proposal on the border issue will be based on the Rio Protocol. There must also be proposals to develop the border area that interests us most. These proposals could defeat those who do not want an end to the conflict, namely those who think of a world in crisis instead of how to develop our people. Regarding these aspects, what are the proposals our representatives will take to Ecuador?

[Blacker] I think it is important to remember that on 24 November 1991, only six weeks ago, President Fujimori sent a letter to Ecuadoran President Borja stating that Peru wanted to change the level of the talks on our differences during the last few years. In that letter, President Fujimori stated that there were four points or key issues he would base his specific proposals to Ecuadoran President Borja. These four points or key issues are the following:

1. End the demarcation of two small sections of the border where markings have not been placed.
2. Peru and Ecuador should work to achieve greater border integration. This will allow them to improve current accomplishments.
3. Peru was willing and ready, in compliance with Article 3 of the Rio Protocol, to favor Ecuadoran navigation rights through and north of the Amazon River to give Ecuador an exit to the Atlantic Ocean.
4. Find ways and formulas to increase the friendship between the Armed Forces of both countries to attain permanent and long-lasting peace between our people.

On this visit, we are basically taking proposals that will deepen and expand on these four points. [passage omitted]

[Vargas] On this program on 28 December, the president of the Republic disclosed a figure that is really shocking, to say the least. He said that both countries invested approximately $2 billion in military and defense spending in the border area.

[Blacker] Allow me to clarify this point....

[Vargas, interrupting] This amount of money could be used for specific development and integration projects.

[Blacker] That is correct. To clarify this point, President Fujimori said—he has repeatedly stated this on several occasions—that combined, the two countries annually invest approximately $200 million in defense spending in the northern border. He explained that if in the last 10 years that $2 billion, $200 million times ten, was spent on roads, social works, or infrastructure, both peoples would have gained more than what they received from these nonproductive investments.

This is the basic foundation of the effort by President Fujimori to change the level of the talks and the vision of our foreign relations, particularly our border relations, into a vision of greater cooperation and less confrontation.

[Arias] I think that every sensible person has to agree on that point; yet there is a politically sensitive aspect. Everything regarding the border is politically sensitive. Will Peru's political circles be able to handle this problem in a reasonable manner? Based on the information you receive, how do you view the situation in Ecuador? We received a report that an Ecuadoran presidential candidate has proposed accepting the protocol. What is the situation in Ecuador's news media, Congress, and political circles, in general? What is your assessment?

[Blacker] That is obviously of common concern. Ecuador is just as concerned about Peruvian reports as we are about Ecuadoran news reports. I would say this is a major challenge for both peoples. It constitutes a major challenge for Peruvians and Ecuadorans to understand each other and realize that instead of seeking or continuing a dispute, we must seek points of rapprochement to build better societies for both peoples.

I sincerely believe that in most cases—and this certainly does not apply to Radio Programas—reporters go overboard with the news. They use the news to earn a living, instead of using the news to inform the people. For that

reason, things are distorted. I think that is bad. We are guilty of that sin in Peru, too. I think that Peruvian journalists have a responsibility to inform our fellow countrymen in a clear manner.

I find that President Fujimori's work within this context is historic. I think it is something that must be highlighted. In Ecuador, for example, this matter has been a daily news item for six weeks, even if it expresses different viewpoints. In Peru, the topic has not really been discussed. I think this is really unbelievable. I think it is not right. Fujimori's achievement in Cartagena de Indias has not been emphasized. The fact that Ecuadoran President Rodrigo Borja invited Fujimori to a state visit for the first time in the past....[pauses] in our entire republican existence, in the history of the two countries, has not been adequately stressed.

We always tend to look at things negatively, to stress the unimportant or commonplace, and do not stress the truly important things. I would like to take advantage of this opportunity to tell Peruvians that we are really trying to build a new Peru, a new Peru that seeks to internationalize our economy and our relations, and to incorporate Peru into the world. From that standpoint, it is impossible and totally incoherent to think that we should adopt a confrontational position with anybody in the world, much less with our neighbors.

That is the basis of President Fujimori's policy. I fully support that approach. Maybe not today, as we have a longstanding dispute with Ecuador, but I think that approach entails a process of convincing ourselves that reaching a peaceful solution is in the best interests of our people, rather than to continue with confrontations we have had in the past. I think that is what we must do, namely, to hope that every action is a positive step toward reaching greater peace and stability for the two peoples. [passage omitted]

[Destua] I do not want to miss the opportunity to ask the foreign minister some questions.

[Vargas] You were invited to pose questions on technical matters.

[Destua] I want to pose my questions to the foreign minister from two standpoints. One deals with the substantive aspect of the proposals and the other with the procedural aspect that you so accurately mentioned. As we entered the topic of the proposals—and it is one of the aspects on which the four-point proposal by Fujimori and the foreign minister is based—I would like to know the following: Is this an all-encompassing proposal or are each of those points independent of each other? Is this a block proposal? That is my first question.

[Blacker] That is a very good question because it allows me to clarify a point. This is an all-encompassing and interrelated proposal. As President Fujimori stated in his first letter dated 24 November, he wants the four points to be seen as all-encompassing. I think this will answer your question.

[Destua] Very well. That means each point is tied to the other.

Can we expect a suitable response from Ecuador regarding the Peruvian desire to present a proposal in which each part is connected and contains both substantive and objective points?

The substantive points are those regarding the border marking, navigational rights, and Ecuador's access to the river; and the objective points are those regarding creating trust and border integration.

[Blacker] Although the proposal is a package, that does not mean we must advance on all the points at the same time, that is to say, in parallel.

I believe we must have sufficient flexibility to understand that we can advance faster on some topics. Otherwise, we will never start. We must understand that.

Peru will always have the option of saying at one point, Sirs, our proposal was a package, you have given us clear answers and we are working on three topics. There is a topic we have not discussed yet and, therefore, we will stop advancing on these three topics until we reach an agreement on the other topic. This is one of the positions Peru could take. What I am saying is that we must have that flexibility to advance.

If things are done this way, we expect that some topics will advance much faster than others. I would say that the topic of border integration—this is news to you—on which we will propose 37 projects to our Ecuadoran counterparts and the point on the creating trust between the Armies can be discussed right away. Besides, I believe that it is important that they start right away.

Regarding the point on fluvial navigation, I believe it is also important that the Peruvian proposal, which is very broad and complete, allows Ecuador to receive economic benefits by navigating through the Amazon river. I believe this is the great message and the most important thing about this proposal.

This is also something that should be started as soon as possible because civilian projects must be done first, such as work on the Napo River, which is considered the easiest route to the Amazon River. This will take longer, but is something that should be started right away.

Regarding marking the border, which is the main and most delicate topic in this process....

[Arias, interrupting] The mother of all topics.

[Blacker] That is right. I believe we need to give each other a little time. When the Ecuadorans receive our proposal and when President Fujimori personally explains it to President Borja, they will certainly want to study it in detail. In this way, the Ecuadorans will realize what we are trying to do and will also realize the straightforwardness of the Peruvian proposal and its commitment to reach definitive solutions.

Thus, as I said, the proposals are a whole package. However, some proposals will advance faster than others. I believe that, in general, the process is just that: a process that is headed toward attaining peace between the two countries. I obviously hope that this will happen as soon as possible, even if it will not happen immediately on 9 January.

[Vargas] It is all a process, but these steps will be important because they will be the first taken by both countries in a serious, coherent, and structural manner. Alejandro Destua will ask a question.

[Destua] Mr. Minister, you have practically said that two of the proposals can be implemented immediately or very quickly, or rather, they can be implemented easier; and two proposals will require a longer process. I would like to talk about these two—fluvial navigation and border marking.

In the first case, what kind of regulations would there be regarding access to the river? Second, where would the access be located? There are speculative newspaper reports.

[Blacker] That is correct. The Peruvian proposal regarding Ecuador's fluvial navigation is that any Ecuadoran ship that can navigate on the rivers of the northern border of the Amazon River and on the Amazon River itself, will be treated the same as a national-flagged ship. That is the proposal and I believe that we clearly define our position. There are no differentiations and, besides, we do not only intend to make it free navigation, but also without cost for Ecuadoreans. That was the first point.

The second point regarding the access point to the Amazon River, we think it can be any river on the northern border of the Amazon. According to some studies we have, the best route would be the Napo River and, maybe, the Morona River. Those are the two most likely points of entry at this time. Engineering studies completed in the Napo River have concluded that, with some dredging, large ships could pass through, thus, making the transit to the Amazon profitable for Ecuadoran ships.

I would also like to say that this proposal is not just for transit ships, that is, this is not just fluvial transit, but a multi-method transit. Ecuador will also require access routes to ports. Therefore, we will try to work jointly on designing and building roads to enable Ecuadoreans to reach these ports.

I would also like to say that, unfortunately, there are some newspapers that have published reports that are not true and have no technical basis. I will again ask all journalists to be very careful with their reports and try to get proper information, because, as I said, there must be more clarity in our communication as an essential base for the rapprochement of our two people. That is what we are trying to do at the Foreign Ministry and we are ready to give all of the exact and precise information required by the media. It is not right, however, that the media occasionally creates information to get more sensational headlines. I do not think this is correct and I urge the media to be more responsible.

[Destua] I am interested in the issue that deals with the creation of trust. Perhaps the lack of an ongoing dialogue between the presidents of both nations and statements made by politicians attempting to gain ground in Ecuador on the border issue, have generated an atmosphere of distrust by the Peruvians for the Ecuadoreans. This distrust is also generated by the offers made to the Ecuadoran community each time the border issue comes up, usually in January, on the anniversary of the signing of the Rio Protocol. This has even generated a climate of hate that should not exist between our people. In this regard, the creation of trust is a very arduous, fundamental, and meaningful task that both governments should foster. This task of creating trust should be at all levels and basically should be carried out through the media.

[Blacker] I agree with you.

[Destua] What is the Peruvian Government's project? What joint projects will President Fujimori present to his Ecuadoran colleague?

[Blacker] Undoubtedly, this is a very important issue and I agree with you. Before discussing this, I would like to report to the whole nation my perception of the Armed Forces' role in this project. I have an excellent impression of the Armed Forces' willingness, attitude, and above all, their wish to reach practical solutions that will result in definitive peace. The Defense Ministry's team that has been working with us to devise the whole proposal is an excellent team and I have great respect for their contributions and their working methods. Now, having said all of this, I would like to say that in search of measures to promote trust among the two Armed Forces, we are making a full-blown proposal that deals with the issues and describes specific communication procedures between the Armed Forces. I consider this proposal as a very important step forward in the detente process for both our nations. I believe that once the proposal is made public—after President Fujimori presents it to President Borja on 9 January—you, the media, and public opinion as a whole will see the serious effort and commitment of the Armed Forces to this detente process.

[Destua] In this regard, has a meeting been scheduled between the top brass of the Peruvian and Ecuadoran Armed Forces? That is, are there plans to raise the dialogue to the level of the Armed Forces? There was even talk about a prior meeting, before the presidents meet.

[Blacker] That is correct.

[Destua] Has this meeting been held, or will it be held, or has it been postponed for some reason?

[Blacker] The main reason the meeting was postponed is because of President Borja's invitation to President Fujimori. We decided it was better to wait for both presidents to meet and then for the top brass of the Armed Forces to probably meet in Lima, within the next

30 days. I would like to mention that in principle, our position in this regard is for representatives of both Armed Forces to meet in Lima between 15 January and 15 February. The meeting was postponed because we want this entire process to be held within the framework of a new organizational structure in which we will have the rapprochement, the integration, and the search for a peace process between the two nations.

[Vargas] We now go to Denis Arias.

[Arias] I want to go back to part of the previous question that went unanswered. It was linked to how the Ecuadoran political circles and media in Ecuador see this rapprochement. You also referred to the way that at times the news is distorted in Peru. I would like to tell you about an incident that I think is of interest. I was in Ecuador the night before the meeting that was to be held in Galapagos took place. Then President Alan Garcia was to attend the meeting. At that time I was at the embassy with Ambassador Moreli and he gave me a file with all the newspaper clippings from the Ecuadoran media, the majority of which at that time were in favor of the Peruvian president's presence at the meeting. However, in Lima the reports were that the Ecuadoran press was negative, moreover, that it was very negative. This was based on two second-class newspapers published in Ecuador, while EL COMERCIO, HOY, and other serious newspapers [word indistinct] the Peruvian president's presence. Many times what is going on in Ecuador is distorted in Peru. This is why I ask you—based on the information you receive from the embassy—what is the feeling among the political circles in Ecuador? In Ecuador, what do the senators say? What do the politicians say? What does the press say? Not only what does the government say about the rapprochement with Peru, but what is said about President Fujimori's trip to Quito?

[Blacker] The explanation you have given is very good and I am glad it was you who gave this explanation so that this is not interpreted solely as the Peruvian Government's position. I would like you to know that our analysis of the current situation in Ecuador is quite positive. There are, of course, different points of view, as can be expected in a democracy. However, what can be asserted is that in Ecuadoran political and governing circles, many people believe it is time to find a definite solution to the situation between Peru and Ecuador. This is very important because it is part of the educational process required by the communities to arrive at a final and definite solution to this awkward, sad, and difficult issue.

[Arias] I would like to ask about the 37 projects that the Peruvian Government is taking to this meeting in Quito, which you mentioned for the first time earlier in this program. Are any of them related to this issue? Ecuadoran participation is very important in this respect. Also, I would like to know if the issues of rapprochement and the creation of trust have only been taken up at the level of the Armed Forces or if these issues been specifically considered as part of a project, in something written in black and white?

[Blacker] These issues are included in a project, and this is the purpose of border integration. In the border integration proposal there is an entire program of actions that are structured so that they can be implemented and they not only deal with the border in Huaquillas, and Aguas Verdes, for example, but the entire Peruvian-Ecuadoran border. There are road projects, agricultural projects, and electric power projects, and more importantly in this integration process we not only want Peru and Ecuador to participate, we also want multilateral organizations to participate. We believe that with their participation, these projects would be more feasible and there will be more opportunities for their success. We have made an effort to incorporate into this process organizations such as OLADE, that is, Latin American Energy Organizations, and the Inter-American Bank, which in some way would participate as coordinators and financiers of the different projects that we are putting on the table.

[Passage omitted] [Destua] Mr. Minister, I imagine that the demarcation issue, as well as the issue related to navigational access, involves a long term process. You previously mentioned something about two areas. Are there really only two areas? Are we both referring to the same two areas? In other words, the 78-km Condor mountain range and the [words indistinct] stretch that extends approximately 15 or 20 km. Is this all we have pending with respect to the demarcation issue?

[Blacker] You are correct. From our point of view, there are only two stretches where the boundaries have to be properly fixed. These are Cusumasa-Bumbuisa, Yaopi-Santiago, and Cumbuime Sur-20 Noviembre. Our proposals center around these sectors.

[Destua] What is the exact distance, in kilometers, between these points?

[Blacker] I do not believe it is convenient at this time to specify distances. The reason for this, as you know, is that the line that joins two points may sometimes vary. Then, when we proceed to measure the longitude, if the line is straight, it will be less than if the line is curved. So to talk now about 78 km or 72 km depends a lot on the way the line joins the two points. In addition, since this is an issue that is still being analyzed, it would be worthwhile not to refer to exact distances.

[Destua] Are the procedures to be applied to the Condor and to the [words indistinct] stretches the same?

[Blacker] Here we have to consider two issues. One refers to the Condor mountain range or the Cumbuime Sur-20 Noviembre stretch. This issue has been undecided for at least 10 years. The other stretch, Cusumasa-Bumbuisa and Yaopi-Santiago, is the most recent and controversial issue. In other words, the most recent dispute is associated with the Yaopi-Santiago stretch. The only difference between the two

stretches refers to the time period. However, as relates to the methodology to settle the demarcation process, this is already defined in the Rio Protocol.

[Destua] Nevertheless, the Diaz Gagiar decision on the Protocol allows the possibility of two interpretations as it relates to the Cusumasa-Bumbuisa and Yaopi-Santiago stretches. This is covered in the respective statutes. There is a disparity in the case of the Condor mountain range. If I remember correctly, when the 1981 armed conflict was temporarily solved, Ecuador strongly insisted that is was not abandoning it rights over the area.

[Blacker] The Zamora-Santiago region was a controversy that was resolved by Captain Diaz Gagiar.

[Destua] We are referring to two separate issues. One includes a statute where there are two interpretations concerning the Condor mountain range. This was resolved by the Armed Forces of both countries. I also remember quite well that the Ecuadoran commander strongly insisted that this temporary troop position did not indicate the concession of definite Ecuadoran rights.

[Blacker] The protocol cannot be applied in one way to solve one issue and in another way to solve another issue. The protocol is a set of rules applied as a whole to any demarcation problem that may exist between both countries. In this respect, I repeat, it is the protocol and all its articles that will be applied to solve both issues. As relates to demarcation controversies within the protocol, there are two fundamental articles. These are Articles 7 and 9. Article 9 clearly states that both parties, once having started the demarcation process, can grant each other small territorial concessions to allow the borderlines to conform to geographical accidents of terrain. This is evidence of two things. First, that the exact longitude is not properly specified. Second, that there will be a similar approach to both issues. This, by the way, is part of our proposition.

[Destua] Right. Article 9 leaves open the possibility for negotiating concessions. In other words, the true problem is not the distance in kilometers but the philosophy on and the understanding of the border issue. According to Article 9, two or 10 km more or less are not the real problem.

[Blacker] The article says the demarcation commissions can outline the process and hold sessions to reach a line that will fit the terrain more closely.

[Destua] This is what the protocol stipulates. But what does this have to do with Ecuador's goals? You have mentioned several Ecuadoran areas, such as society, the diplomats, and the military. Are the Foreign Ministry and the Armed Forces aware of the Ecuadoran Armed Forces' goals and intentions regarding this process?

[Blacker] In his most recent visits to Ecuador, the chief of the Peruvian Joint Command received significant signs of support. I would like to make a point which I regard as important, too. Several politicians say this rapprochement between the two countries' Armed Forces started in the seventies, during the military government in Peru, that it has led nowhere, and that this is why it is not worthwhile to continue this plan. I would say the opposite. The fact that there are difficult problems and there is not a perfect understanding at the beginning does not mean that we will abandon this rapprochement between the two Armed Forces. President Fujimori understands this and encourages it. General Velarde, chief of the Joint Command, has traveled several times to Quito and Guayaquil, where he met with Ecuadoran Armed Forces leaders. The two sides talked at length. Gen. Velarde returned with a much more positive idea of what the Ecuadoran Armed Forces want.

[Vargas] Mr. Foreign Minister, we are already running short of time in this program. We would like to know President Fujimori's agenda in Ecuador. Also, we would like to know if you have coordinated Fujimori's visit with your Ecuadoran counterpart, Diego Cordovez. Are you always in touch with the Ecuadoran foreign minister?

[Blacker] We talked last night at 2100. We talk very often. All the phases of the visit have been coordinated. The atmosphere is excellent. I want to tell you about the last issue we discussed last night, and here is another scoop.

[Vargas] Let us hear the scoop.

[Blacker] There is a possibility that the pope will talk with the leaders of the two countries to urge them to continue this important process in the search for peace and integration.

I think this is very important because it represents a subtle message requesting a true search for lasting peace between the two countries. This appeal would represent an important political endorsement for President Fujimori and President Borja regarding this great effort.

[Vargas] It is very important that they both think about the pope's appeal when they hold their talks. What about the agenda? Will President Fujimori speak to the Ecuadoran congress? A visit by a chief of state includes appearing at the congress of the host country and visiting other official institutions.

[Blacker] This is very good. Once President Fujimori arrives at Quito's airport, he will receive all the military honors that are awarded to chiefs of state. He will hold important meetings and deliver a speech at the Ecuadoran congress. I think this is very important. He is scheduled to hold several personal meetings with President Borja to discuss the proposal and other bilateral issues. He will deliver a speech in Quito Municipality, where he will be presented the keys to the city. In addition, he will visit important Ecuadoran institutions. I think this visit will have a positive impact on the Ecuadoran people, and I think this is very important.

[Vargas] Mr. Foreign Minister, I would like to inform you that Radio Programas de Peru will broadcast internationally all of the activities you and President Fujimori carry out in Ecuador. We will report not only to

Peru, but also to Latin America, through the Solar Network. Do you have one last question, Cesar?

[Arias] Yes. When Alejandro Destua asked you about the Foreign Ministry you spoke of a double-talk. Could we infer that the Foreign Ministry's line is the hard-line, that you have to represent Peru's hard-line? How do you feel about that? How do you feel at this historic moment between our countries?

[Blacker] I feel proud and honored to be allowed to participate in this process. This is a critical process; we are speaking of a process leading to a final objective. I am happy to be working with President Fujimori on this effort that is so important for our nations. I think the burden created by whatever hard work this effort requires is insignificant when compared with what can be achieved.

[Vargas] Thank you, Mr. Foreign Minister, for your participation this morning in this program.

Presidential Aide on Alternative Development

PY0901010292 Lima EXPRESO in Spanish
2 Jan 92 p A3

["Exclusive" interview with Hernando de Soto, personal aide of President Alberto Fujimori and president of the Institute for Freedom and Democracy, by Umberto Jara and Jaime de Althaus; place and date not given]

[Text] [EXPRESO] Regarding alternative development, it looks as though everything is paralyzed, or that practically no progress is being made...

[De Soto] Of course important progress is being made. The plans discussed by President Alberto Fujimori during his trip to Europe are already in progress. A consortium of engineering companies and the general development program involving three European countries (which may also include the United States) have already been created. In January or February the consortium will send around a team of technicians and engineers for territorial and infrastructure study. Progress has also been made on the issues discussed by President Fujimori with the executive boards of multinational companies during his trip to Europe. In about one month the deputy directors of those companies will come to Peru for a three-day meeting. The purpose of the meeting is to create ideas and to propose funds for production organization, exports, negotiation of markets for alternative development products, technical assistance, links between the Fujimori doctrine and the world ecological campaign, project design, and the financing and aid needed to get the support of governments.

We have not lost any time. Efforts are being made to make this a world project to ensure success.

[EXPRESO] Have the European governments committed themselves in some way?

[De Soto] Yes. During President Fujimori's trip the chiefs of state of the European countries made several offers. For example, they offered fixed quotas in the import programs of the European countries for products from Huallaga and the Apurimac Valley. This is an incentive for the multinationals.

The offer also includes low and high prices for these products to ensure profits, a liberalization of tariff restrictions and non-tariff barriers for the Peruvian products of alternative development, and assistance for public and private deregulation; actions before financial organizations to support alternative development; and promises of organized and sustained political support for the Fujimori doctrine.

[EXPRESO] But how are the coca growers participating in this plan?

[De Soto] According to the decision made by President Fujimori, everything will be done with their participation. They are the object of this plan, so they will decide. They will be given land titles and registration. They will be given the land in exchange for their commitment to eradicate coca. A pact will be established.

[EXPRESO] Who will do all the required technical work?

[De Soto] As a matter of fact, an international team will arrive in about a month to draw and put into operation a new property, administrative, and institutional system for the coca regions. Mechanisms for political and contracting agreements between the registered coca organizations, private companies, and national organizations will be created.

[EXPRESO] Are the coca growing organizations in condition to take over a plan such as this?

[De Soto] A plan will also be drawn to strengthen the coca growing organizations and to train their representatives for the tasks of public administration and representation. The representatives—whose work has already been financed—will also study the regulations for the new property and institutional regimes. They will also carry out pilot programs to put into operation a specific system for land titles and registration, the training of registrars, the implementation of computing systems, and the systems and programs for granting and arbitrating land.

[EXPRESO] What about the market economy...

[De Soto] The solution here is through the market. The idea is to give land titles and to create an adequate institutional framework to allow the peasants to buy and sell land, to associate among themselves and with the multinational companies that have sure foreign markets.

[EXPRESO] The participation of private companies creates something different from what has been done. In other words, the basic idea involved agreements and government financial support. But has the situation now changed?

[De Soto] More than changing the situation, it complements it. At the beginning when we made proposals for replacing crops we believed that the U.S. officials were not giving us the right representatives to discuss the issue. And we also thought that there was a lack of interest on this issue. This created real concern, but we then discovered that there was no bad intention; the thing is that there is no government capable of carrying out such a large program as the replacement of crops.

[EXPRESO] Why?

[De Soto] Because, in this matter, it is possible for countries, governments to organize armed, repressive answers, but they lack the technical and administrative ingredients to implement an opening that would basically be organizational, managerial, and entrepreneurial. It is a question of giving the coca plantation areas a new economic structure and this goes much further than is possible for a government.

[EXPRESO] Is it possible for a multinational enterprise to do this?

[De Soto] We have tried to find a solution because everything related to coca-producing areas should not be linked exclusively to a repressive system. A solution that can benefit all coca growers and the country should be found. We found this solution during our investigation. The private sector has the know-how, the management skills to implement complex projects that need to be highly operational at the administrative level and that need a large technological capability for the creation of enterprises with which alternative development can be promoted.

[EXPRESO] What was the factor that led to the thinking that multilateral enterprises could accept such a proposal?

[De Soto] This was the great challenge, and we worked the entire year to meet this goal. We started to work out our project with the visit we made to Switzerland in January 1991 along with Mrs. Susana Higuchi de Fujimori, who represented President Fujimori. We contacted a multinational executive board and private enterprises. During President Fujimori's visit to Europe, these achievements were noted with greater clarity and negotiations ended in late December 1991.

[EXPRESO] Does what you have stated mean that Peru's position as included in the so-called "Fujimori Doctrine" has changed?

[De Soto] No. On the contrary, we have merged private enterprise with the Fujimori Doctrine. When the Peruvian proposals were announced, everyone applauded them, but nobody provided concrete aid, despite the fact that, unlike other countries, most of the public expressed their support for the replacement program and almost all the coca organizations agreed with it. Despite this, we received no answer from other countries.

[EXPRESO] The proposals were basically military.

[De Soto] Yes. Consequently, the technical and economic support that we have received from huge private enterprises has been very important.

[EXPRESO] How many multinational enterprises are included in the executive board you mentioned?

[De Soto] There are six for the time being; however, in March President Fujimori will hold a meeting in Europe on alternative development, the ecology, and sustained development. The fifty largest multinational enterprises will attend this meeting, where we will try to expand the executive board.

[EXPRESO] One last question: In an interview published a few days ago, President Fujimori said you had been appointed interlocutor with Bob Martinez, the U.S. drug czar. Is that true?

[De Soto] The magazine must have made a mistake in transcribing the interview. President Fujimori knows that I would not accept any official position. As the president's personal representative and as ILD [Institute for Liberty and Democracy] president, I can help more than I can as a public employee.

Whoever becomes the interlocutor with Martinez will have to handle the police and civilian aspects of the antidrug strategy and will have to request information about police and military actions in Peru. President Fujimori has always separated police-military actions from the alternative development strategy. As a result, I have never had access to police-military information. Only a person with access to this sort of information can talk with Martinez on equal terms. I will support the effort by cooperating in the alternative development program because only in this aspect of the antidrug effort has President Fujimori placed his trust in me.

Air Force Receives 10 Tucano T-27 Planes

PY0801231192 Lima EL COMERCIO in Spanish 31 Dec 91 p A6

[Text] The Peruvian Air Force (FAP) has reported that 10 Brazilian-made Tucano T-27 planes arrived at the Las Palmas Air Base on 30 December. The planes had been ordered recently by the Peruvian Government.

The planes will be used for training, to be part of the pilot training squadrons, and to join the force that controls national airspace in the northeastern region of Peru.

FAP Air Group 51 pilots flew the planes to Lima, where they were welcomed by Air General Arnaldo Velarde Ramirez, the FAP commander.

Tax on Income-Generating Businesses Created

PY0801024092 Lima EXPRESO in Spanish 29 Dec 91 p A3

[Text] The government has created a new tax on third and fourth category income-generating businesses. The tax is explained in the 1992 Law for the Financial

Balance of the Public Sector that establishes the mechanisms to raise such revenues.

The tax base is determined by multiplying the area of the corporation by the property tax value valid on the same date of every fiscal year, and by the following tax percentages, according to the businesses activities:

Industries (0.50 percent); commerce (0.75 percent); financial services and insurance (1 percent); non-sports public shows (0.25 percent); parking services (0.25 percent); professional services (0.75 percent); boarding services (0.25 percent); and others (0.50 percent).

In no case will the tax be lower than 2 percent of the Tax Assessment Unit [Unidad Impositiva Tributaria—UIT] nor greater than 4 percent. The January UIT value for the fiscal year will be the one taken into consideration. This means that the contributors' situation will be assessed in January.

Income Tax

Concerning the income tax, the national public sector has been considered as taxable, except for public business companies [empresas conformantes de la actividad empresarial del estado]; universities; education and cultural centers; legally established foundations for the exclusively educational; cultural; advanced investigative; welfare; social and hospital assistance; and workers' welfare services purposes. Such purposes must be legaliy accredited.

Mutual welfare entities and peasant and Indian communities are also exempt from this tax.

Tax Rates

The tax on individuals, joint ownership by husband and wife, and non-divided inheritances [sucesiones indivisas] established in Peru will be 37 percent on interest gained on bonds and other nonnominal shares, while the net overall income tax will be 6 percent for those who earn up to 5.5 UIT; 10 percent for those who earn between 5.5 and 15 UIT; 20 percent for those between 15 and 25 UIT; 30 percent for those between 25 and 35 UIT; and 37 percent for those who earn more than 35 UIT. The tax breakdown will be made according to what is established by the same law.

Legally established individuals or corporations will pay a single 30 percent net income tax, plus an additional 10 percent on the sums charged on expenses that are found to be taxable and on the sums objected to by the revenue service inspector.

The minimum nontaxable base in the case of individuals, joint ownership by husband and wife, and nondivided inheritances is 2 UIT.

Tax Amnesty

Contributors who owe taxes to the revenue office are granted up to 31 January to pay their overdue 1991 taxes free of readjustments. Fines, readjustments, and other sanctions are also likewise pardoned if sworn tax declarations are presented before next 31 January.

Legal Norms

The law promulgated yesterday establishes that overall internal revenue expenses will not exceed 9.85 percent of the Gross Domestic Product (GDP).

It also states that the fiscal current expenses will not be greater than 6.10 percent of the GDP and that the tax burden will not be less than 9.20 of the GDP.

The law also authorizes the Economy and Finance Ministry to renegotiate the domestic debt of public works contracted with collateral as well as public entities, including autonomous public companies and joint ventures, in which the government is a majority shareholder.

The law also guarantees with up to 0.30 percent of the GDP the domestic debts repayable in less than 1 year to finance the investment program and/or the purchase of goods and services for regional governments. Concerning local governments, the coverage will be with up to 0.20 percent of the GDP.

Fishing Agreement With USSR Canceled

PY0801194192 Lima EL COMERCIO in Spanish 30 Dec 91 p A3

[Report by Samuel Lizana S.]

[Excerpt] A controversial agreement between Peru and the Soviet Union will end tomorrow after three years of enforcement, although for eight months it was only "a piece of paper." It was formally denounced by the Peruvian Government in April 1991. Clause 16 of the agreement establishes that the two countries would implement a fishing development project. The agreement, which was signed on 6 December 1988, has 16 clauses. It could have been extended for another year if it had not been denounced. Through a lack of official information from officials of the Fishing Ministry, both of the previous administration and the current administration, the public was not properly informed about the fishing agreement that was signed by the Peruvian and Soviet Governments without congressional approval. [passage omitted]

Power Plant Accord Signed With Finland

PY0801224192 Lima EL COMERCIO in Spanish 31 Dec 91 p A4

[From the "Without Confirmation" column by Alfonso Baella Tuesta: "Agreement Between Peru and Finland"]

[Text] The Finnish Foreign Ministry and the Peruvian Embassy in Helsinki exchanged notes on 27 December formalizing an agreement to revamp and expand the Iquitos thermoelectric power plant.

The agreement specifies that 46 million Finnish markkas will be made available to ensure that the thermoelectric power plant provides a reliable supply of electricity and to increase its capacity for the benefit of the residents of Iquitos and for industry and commerce.

Venezuela

President Denies 1992 Budget Not Balanced

PA0701182492 Caracas Venezolana de Television Network in Spanish 0000 GMT 7 Jan 92

[Text] President Carlos Andres Perez has denied that the country's 1992 budget does not balance. He warned that budget figures are not final because they are based on estimates. Perez was consulted about the issue during his traditional luncheon to celebrate Epiphany with his party's labor sector.

He explained that there is no danger with regard to the price of Venezuelan oil on the international market. He said that the estimate of $19 per barrel is much more conservative than the $21 established by OPEC.

He flatly denied that the bolivar would be devaluated to cover the fiscal deficit that could appear this year.

[Begin Perez recording] A devaluation is no longer an arbitrary measure in fiscal policy. It is now a result of the real value of the government in comparison with foreign exchange. However, there will be no big devaluations. [end recording]

Leaders of the labor movement attended the luncheon, an event that the president has held for the labor and agrarian sectors of the Democratic Action [AD] party for the past 30 years. AD Labor Secretary Federico Ramirez Leon said the leaders had specific points to raise.

[Begin Ramirez recording] We could not leave out the salary issue. The decree increasing the minimum wage by 8,000 bolivars for urban workers and 6,000 for rural workers—although it is not what we wanted, because we had requested 12,000 bolivars minimum, what a family needs to survive somehow—will allow us to sit down with management and discuss the possibility of increasing the entire salary scale. The minimum wage was increased by 30 percent. That 30 percent must be applied all the way up the salary scale. However, the matter is under discussion and will be talked over with the management sector in the next few days. [end recording]

* COPEI Official Discusses Caldera Candidacy

92SM0175B Caracas EL UNIVERSAL in Spanish (Section 1) 4 Dec 91 p 12

[Report on interview with Felipe Montilla, chairman of Social Christian Party National Election Commission; date and place not given]

[Text] Felipe Montilla, chairman of the COPEI [Social Christian Party] National Election Commission, has warned the party's founding leader, Rafael Caldera, that if he should declare his candidacy for the presidency outside of that organization, he would automatically be excluded from it. He also admitted that the unity of Venezuelan Social Christians lies in the hands of the former president.

Montilla said that former President Caldera has not given the final word on his candidacy. "A strategy is obviously being drafted in the direction of running, but if he wants to be the COPEI candidate, he will have to compete internally. It is one thing to be a presidential candidate outside the party and another to become the organization's standardbearer."

The chairman of the COPEI Election Commission said that if any member of that party is a presidential candidate without following the procedures provided for in the organization's bylaws, he will not be the party's standardbearer. "He will be the candidate of independents, of other political forces, but never of the party."

[EL UNIVERSAL] You mean if Caldera or another leader should run outside of COPEI or take a position separate from the organization?

[Montilla] Naturally. The statutes are very clear. There have been COPEI members who have chosen to be mayors or councilmen on other platforms and from that moment on, the statutes consider them as excluded from the organization. I do not even want to think about a national body expelling from the party such a prominent figure as Rafael Caldera, a man so closely connected with COPEI. And yet, it would be Caldera himself or any other COPEI member who might opt to run outside the party who would be placing himself outside the organization.

[EL UNIVERSAL] Caldera must be aware of the consequences deriving from his candidacy outside of COPEI.

[Montilla] Naturally, and so is the party leadership. Men very close to the former president, such as Luis Enrique Oberto, Aristides Beaujon, and Hilarion Cardozo, have been absolutely categorical in stating that they would not go along with former President Caldera on any candidacy outside of COPEI and this should give Caldera food for thought. If men as important and as close to him as those mentioned have clearly warned him they will not go along with him, then it would be very sad if Caldera were to run the risk without the backing of any important leader of the party.

Montilla says he is very optimistic and believes the problems that now exist can be resolved. "We still have enough time. Furthermore, such a thing will not be decided before the early months of 1993."

[EL UNIVERSAL] Is it then still possible to prevent Caldera from leaving COPEI?

[Montilla] That is a very personal question. A great deal depends on Caldera.

[EL UNIVERSAL] Then we could say that the unity of COPEI lies in Caldera's hands?

[Montilla] I believe so. To a great extent, it depends on Caldera's own judgment. No one can do anything to save the situation. No one can suggest any way out for the former president. It is the former president's own experience, his own background, and his own feelings that are at stake in this circumstance, in either case.

[EL UNIVERSAL] To what do you attribute Caldera's desire to run again?

[Montilla] It is naturally his legitimate right. Moreover, even though Caldera is getting on in years, he is in magnificent physical and intellectual condition. That is obvious. In his own mind, he is definitely convinced that he can be useful as president and I respect his opinions and the vocation for service that he is obviously displaying.

Montilla agreed with Eduardo Fernandez on the need to be alert to the talent the AD has for dividing the opposition.

[Montilla] The observation made by the general secretary of the party is a timely one because it is obvious that the AD maneuvers very shrewdly in this domain. For example, let us not forget the election process in which they used the strategy of dividing opposition votes, resulting in the election of President Raul Leoni. On that occasion, there was a whole range of opposition candidates including Caldera, Jovito, Uslar, and Larrazabal. All the opposition votes easily added up to more than Leoni received, but the latter was elected. In other words, the warning is timely because even though the AD of today is far from the AD of Romulo Betancourt, we COPEI members must constantly bear in mind the AD's talent for splitting the vote.

Possibility of Coup

Montilla also referred to the grave sociopolitical situation existing in the country and said that one can unfortunately not discard the possibility of a coup d'etat. He warned that the environment of deterioration is so delicate and the absence of authority so obvious that the president must be aware of the danger.

"It is not just because we have the elements for analysis in our hands that we can say there is a conspiracy and that such-and-such persons are meeting in such-and-such a place involved in the coup. Romulo Betancourt foiled 22 conspiracies, including the so-called 'Portenazo' and 'Carupanazo,' the invasion of Casro Leon and all the guerrilla subversion, but Betancourt assumed leadership of the country. He assumed his responsibility as chief of state and confronted the situation, assured himself of the necessary support to remain in office and defined the enemy camp. He identified it."

Montilla said that not only is Perez not seeking anyone's support, but that he does not even have the support of his own party.

"No one 'badmouths' the Perez government as much as the AD itself, and it does so openly and inconsiderately, as in the attacks recently made by a man with as little moral authority as Carmelo Lauria. Consequently, Perez is practically alone."

[EL UNIVERSAL] And was the "Guanabana" so corrupt that COPEI did not wish to join it?

[Montilla] COPEI would not deny the president and the government an adequate institutional framework of support to meet the dangers facing Venezuelan democracy at the present time. What is most serious is that there are people, primarily President Perez, who exclude all possibility of a coup from any political analysis. President Perez has said it is an affront to democracy and to the Armed Forces. The argument they give is that they cannot perceive who would be behind such a coup. If anyone knew, there would be no problem because it could then be prevented.

Montilla also recalled that during a visit which Argentine General Jorge Rafael Videla paid to Venezuela near the end of Perez's first administration, that former dictator claimed the military had not staged a coup in his country.

"Rather, we rescued power because no one wanted to exercise it," Videla said, referring to the government of Isabel Peron. We all remember the power vacuum created in Argentina with the death of General Peron. Power passed into Isabel's inept hands and Videla's expression is truly dramatic. I do not wish compare Carlos Andres Perez with Isabel Peron, but I am beseeching the president to assume leadership of the country because we have the impression of a power vacuum that is extremely dangerous."

Montilla criticized President Perez for his constant trips abroad and said that in the Senate, his COPEI Party would deny him authorization for his trip to China. He also indicated that henceforth, the foreign minister would be called upon to explain the reasons for each of the president's future trips.

He said Perez would have been a great foreign minister and added that his party has no evidence that the president has traveled abroad without authorization. "If he had, we would have accused him of violating the National Constitution."

* Fernandez Criticizes Perez' Policies, Travels

92SM0175A Caracas EL UNIVERSAL in Spanish (Section 1) 4 Dec 91 p 12

[Article by V.V.P.]

[Text] Speaking before the closing session of the Expanded National Committee of COPEI [Social Christian Party], General Secretary Eduardo Fernandez said that Carlos Andres Perez's administration is increasingly isolated and losing favor with Venezuelans. Despite that

observaation, he said that COPEI must provide the country with a useful opposition force.

He added that Venezuela is suffering a crisis due to a poorly conceived and assimilated imported economic package that was implemented with contradictions. He described his party as an institutional alternative for raising the moral tone of the republic.

He called for a supreme effort in order to face the crisis affecting the image and prestige of the political parties. "We must make a supreme effort to make the country perceive the difference and see that we are a serious, united party. This is a time of great responsibility for COPEI. The country is judging us."

Fernandez said his party faces a stellar moment. "We must be aware of our importance. COPEI must be capable of mobilizing the Venezuelans' will for change. We must bring optimism to demoralized hearts. We have the duty to transmit love, optimism, and hope. Reality is harsh, but just as we have in other times, the nation must move forward. We shall move ahead."

The Social Christian leader rejected the appeal some make to resort to solutions of force.

"We are not looking for God in the corners, but on the high road. The primitive solution of force has no place in any heart."

Optimism and Realism

Fernandez says there are two key words for facing the country's situation: realism and optimism.

"Realism in order to see the crisis clearly. Instead of manifesting a desire for dialogue, the government demonstrates arrogance and self-sufficiency. We must have realism in order to understand what the people want, along with optimism, because each of our acts must lead to a positive message for the country. There are solutions; there are ways out. We await the country's orders in order to overcome the crisis and restore the people's right to hope and optimism."

He said that Venezuela wants to hear messages of unity rather than division.

Macroeconomy and Hunger

The general secretary of COPEI accused President Perez of being obsessed with macroeconomic indicators while forgetting the average Venezuelan. He added that macroeconomic indicators do not work for poverty and hunger. He criticized the government's stubborn attachment to neoliberal dogma "according to which it does not matter if there is hunger because we shall find the paradise of a developed economy."

"Confronted with the neoliberal package, a modern party such as ours cannot propose to continue the mistakes of the past, which to a large extent are responsible for the scarcities we are now enduring. Rather, we must move toward a modern, competitive, open economy, which is why we have proposed the social market economy, which is neither socialism, liberalism, neoliberalism nor paleontoliberalism, but rather, the concrete application of a policy based on Social Christian values."

He criticized the "trickle-down" theory according to which if one resolves the macroeconomic bottlenecks and the economic problem of the opulent sectors of society, then abundance will "trickle down" to the rest of Venezuelan society. "We do not accept that theory. The structural change in the economy must be accompanied by a coherent, modern social policy. The best social policy is a good economic policy that generates stable, well-paying jobs. It gives priority to education and health."

No to Radicalism

Fernandez affirmed that his party will not go weak in the knees when it comes time to be firm and drastic in defending the country. "Nor will we be faint-hearted when it comes time to unite behind a fundamental interest. I recently had an argument with a very dear friend who told me: 'You have to be like Betancourt in 1945, when every EL PAIS editorial made the country tremble.' Venezuela has changed a great deal since that time, but I think that if Betancourt could correct some of his errors, he would change many of the things he did before 18 October 1945."

Fernandez said that AD [Democratic Action] policy in 1945 brought Venezuela 13 years of tragedy.

"It was the exacerbation of all passions, the overthrow of a regime that could eventually have moved toward institutional development without any need for a coup. It was the act of force in October 1945 that pointed the way to military dictatorships and saber rattling, which was repeated on 24 January 1948. Infantile radicalism brought us 13 years of tragedy."

He added that the country is clamoring for great strength with a sense of responsibility, aware of the great number of positive things that can be done. "That is why we have no problem backing positive policies. I hope that when it comes time for us to govern, we shall have an opposition that shares our same high sense of responsibility."

Fernandez also criticized what he called "the international flirtatiousness of the Perez Administration," noting that the president has not learned the lesson of 27 February and prefers to make escapist trips abroad rather than try to win applause here in Venezuela by resolving the country's problems.

On the domestic front, Fernandez appealed to the people on the eve of the 1992 elections: "The leader is not the man who eliminates his adversaries, but rather, the one who invites them to participate in government. A leader grows in our eyes to the extent that he can say he has achieved a consensus in his region."

For example, he said that he supports all COPEI governments, but that "not all of them are that fond of me. In COPEI, there is no way to corner or intimidate COPEI members."

Concerning AD candidates for the presidency, he said they are discrediting one another while COPEI looks and listens. "Can you imagine? I did not know they called Carmelo Lauria 'the goat.' I found it out from his own comrades."

Women's Manifesto

In another portion of his speech, the COPEI general secretary announced his support for a manifesto of the COPEI Women's Front, led by Adonis Dager, in which that working organization condemned the repression of student protests.

COPEI women are demanding respect for human dignity, asking for investigations into the deaths of several students, and urging Venezuelan mothers to be alert and ready to defend the rights of their children.

The National Council meeting ended with the swearing in of national delegates who will back the different regions in the 1992 elections.

* Edelca President Discusses Future Projects

92SM0187A Caracas NUMERO in Spanish
Dec 91 pp 51-52

[Interview with Edelca President Efrain Carrera by Inger Pedreanez; date and place not given]

[Text] Often the surrounding circumstances can affect the development of a company, especially if there are legal, political, and economic changes going on. But in the case of the Caroni River Electrification Project (Edelca), it is more important to propose and plan than to wait to see how plans shape up for the imminent restructuring of the electricity sector.

The Ministry of Energy and Mines is supposed to introduce legislation by December to regulate power companies. At the political level, the idea of a holding company has been suggested in response to the IDB's [Inter-American Development Bank] request that the electricity structure be defined so that it can grant new loans. It will be up to the Venezuelan Corporation of Guayana (CVG) to draw up that plan. Next year a new economic system should be in place for that sector, as well as new rate regulations and a new regulatory body. There are also plans to establish regional power service companies, and possibly to privatize them.

Competing for Resources

Amid all these changes, Edelca is honing its leadership skills. "Resources are scarce, and we must compete for them," explains Efrain Carrera, president of Edelca, at the beginning of his interview with NUMERO. "For us, not only is it imperative that we be right, but we must also be convincing." In that connection, he already has a guarantee of $5 billion (at July 1991 prices, that is, at 59.75 bolivares) for the construction projects on the Lower Caroni, which will take place during the 1992-2002 period. Caruachi, Tocoma and the associated transmission system will thus make Edelca an important and strategic enterprise for the country.

The top executives of this company know that convincing people is a complex task. "We must send a message that we need funding for projects that will be useful in eight or 10 years. These are long-term investments that often go beyond the term of a government," says Carrera. While the restructuring of the sector is aimed at improving the efficiency of service, the mandate of this subsidiary of the CVG is very clear: generate hydroelectric energy on the Lower Caroni to make available to the country at any point in the power grid.

"There should be a guarantee through a legal system and a system of operational standards that will allow any power distribution company to gain access to that energy," argues Juan Altimari, director of planning.

Taming the Caroni

Edelca's $5 billion includes the direct investment program and the financial cost. The funds will be managed over a period of 10 years. The enterprise is to provide 60 percent of this financing with its own revenues, and the remaining 40 percent will come from loans from the Inter-American Development Bank and the World Bank.

Work is now underway on the construction of the Macagua II hydroelectric power plant, which is expected to come on line in 1994. The estimated cost of this project for the 1991-1997 period is 50 billion bolivares. Afterwards will come the Caruachi Plan, which will require nearly 74 billion bolivares. Before the end of the year, negotiations will have been completed with the IDB for financing the projects for $300 million (approximately 18 billion bolivares). Tocoma will be given a similar loan by the World Bank; the estimated cost of that power plant is 70.5 billion bolivares.

While Guri has an installed capacity of 10,000 megawatts (which amounts to about six times the demand for power in Caracas), the other three plants that make up the Lower Caroni Hydroelectric Complex will add 7,000 megawatts (2,500 each) to that capacity. Thus, power will be effectively distributed throughout the country and to the major industries of Guayana. "It should be understood that the investment programs of a power company that is responsible for construction projects such as those on the Caroni River are commitments that last many years," emphasizes Altimari. In this case, the time frame is 20 to 30 years, as opposed to that of power distribution companies, whose investments can be recouped in four or five years.

[Pedreanez] Although 50 percent of that power will go to the whole country and 50 percent to the industries of

Guayana, what happens when one of your customers sees international prices plummet, as happened to the aluminum industry?

[Carrera] When prices are subject to fluctuations, there is a level of compensation. There is a basic price that the aluminum industry pays Edelca for the power, and beyond that there is an allocation that depends on the best price. In other words, when the price of aluminum drops, so does the base price; when it goes up, we charge the base price plus the allocation based on the differential.

Powerful Relations

The demand for electricity generated by the Caroni extends beyond our borders. If Guri can get to Zulia (more than 50 percent of the energy used by Enelven comes from the Raul Leoni Dam), it can also get to Colombia. This will be made possible by some pacts signed by the two governments. The construction of a transmission line and the substation should be completed by the end of next year. Power could begin coming from the Guajira side by 1993. "This linkage serves as a means of support for both countries. It is a commercial agreement," explains Carrera. More remote is the possibility of a link-up with Guyana; that project is just being studied. Even so, the IDB has expressed interest in financing these projects.

Pressure Turbine

This enterprise's decisions, however, will depend on the outcome of the changes that are taking place. "If the state is supporting construction projects to exploit the Lower Caroni, it must be consistent in creating a structure and a regulatory system for the electricity sector so that this investment can be used," contends Juan Altimari. But when the generation and supply of electricity is one of the most efficient services, its problems take the back seat. The cost of not being so bad is that decisions on its problems are delayed. "That is why we make our own recommendations. That means we must establish closer relations and be more convincing," stresses Carrera.

The restructuring of the sector leads to uncertainty about the position the various power enterprises will hold in the new scheme of things. "For many years, we have been accustomed to confusing the ownership of facilities or of stock in a company with the power to get something done. Nowhere in the world do power companies or their owners make the rules of operation or the laws that govern the functioning of the sector. All they can do is make proposals and recommendations," explains Altimari.

[Pedreanez] But how does Edelca come out of this restructuring, compared to other enterprises, such as the Electrical Administration and Development Corporation (Cadafe)?

[Carrera] Do not try to start a fight.